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WORLD NEWS

**Baltic states
renew treaty
at summit**

The leaders of Lithuania, Latvia and Estonia, the three Baltic states seeking to restore their independence from the Soviet Union, are due to meet today in Tallinn, the Estonian capital, for the first time to co-ordinate their policy towards Moscow. The three Presidents, Vytautas Landsbergis from Lithuania, Anatoli Gorbunov from Latvia, and Arnold Rüütel from Estonia, will be formally renewing a treaty of co-operation signed by their states in Geneva in 1984. Page 2

Truck protest called off
Truck drivers last night called off plans to stage a huge convoy on Britain's motorways in support of driver Paul Ashwell, 26, of Northampton, who was arrested in Greece for allegedly carrying parts of the Iraqi supergun. He was released from jail on £19,000 bail yesterday but is still banned from leaving Greece and will have to report to police weekly until his trial, the date of which has yet to be fixed.

West Bank riot
Riots broke out in the Israeli occupied West Bank after a military truck knocked down and killed a five-year-old girl and two other Palestinians died in incidents that sparked anti-Israeli fury. Palestinians said the child's death triggered stone-throwing protests, in spite of an Israeli claim that the death was accidental.

Tunnel work resumes
Work on part of the Channel tunnel, which had been halted on safety grounds, resumed yesterday after the Health and Safety Executive executive lifted its prohibition notice, contractors said. Page 5

Rifkined leads tax attack
Scottish Conservatives were urged by Malcolm Rifkind, the Secretary of State for Scotland, to focus their campaign on Labour's taxation plans in the run-up to the next general election. Page 4

ANC's Hollywood role
The African National Congress is planning a fund-raising campaign in Hollywood to coincide with Nelson Mandela's visit to the US in June. Page 3

Threat to power plant
Plans to build Britain's first "green" coal-fired power station at Bilsthorpe, Nottinghamshire - part of British Coal's response to electricity privatisation - face collapse because of competition from a planned natural gas-fired generating plant. Page 4

Reagans to visit Europe
Former US president Ronald Reagan and his wife, Nancy, will visit Europe in mid-June, a White House spokesman confirmed, but said their itinerary had not yet been set.

Tube strike threat lifted
The prospect of a London Underground strike receded as the National Union of Railwaysmen executive committee threw out a proposal for an immediate ballot of members following the rejection of a 9.3 per cent pay offer. Page 5

Picasso paintings stolen
Two Picasso paintings - Musical Instrument Cello and Bull Skull on a Draped Table - valued at nearly \$600,000 (valued at \$300,000) were stolen from a conference at the headquarters of the National Bank of Miami, police said.

Light aircraft crashes
Four people escaped with minor injuries when a four-seater light aircraft crashed on take-off and overturned at Rochester airport, Kent.

Club takes back seat
Club Volvo, a Hong Kong nightclub known for its 1,000 hostesses, may no longer use the name it shares with the Swedish car maker after a court settlement in the colony.

BUSINESS SUMMARY

**US markets
surge on fall
in retail sales**

US bond and equity prices surged yesterday as fears of inflation and tighter monetary policy receded after statistics indicated an unexpected fall in US retail sales and weak producer prices.

In late afternoon trading, the Dow Jones industrial average rose by 52.56 points to 2,700.77 in strong volume, as the picture of an unexpectedly weak domestic economy fuelled hopes of lower interest rates. Page 23

US Federal regulators have appealed to American banking leaders to continue lending despite serious problems in the property market and tougher supervision. Page 2

BANK OF ENGLAND GOVERNOR
Robin Leigh-Pemberton, urged the EC to adopt a flexible approach when moving towards economic and monetary union. Speaking in Austria, he added that the debate on EMU should focus on broad principles rather than attempting to define an ultimate goal. Page 23

LONDON STOCKS recovered from a shaky start to the week when the FT-SE 100 index traded well below 2,100 for most of Monday. The market

FT-SE 100 Index
Hourly movements
2200
2190
2180
2170
2160
2150
8 May 1990 '11

rebounded with vigour and the index recovered about 2.5 per cent over the week, closing yesterday up 18.9 on the day at 2,175.9. Page 12; Lex, Page 23

ECC, former English China
Clays group, is hoping to acquire Georgia Kaolin - put up for auction by Swiss engineering group ABB Asea. Brown Boveri - for \$220m (\$210m). The company has about 25 per cent of the china clays market in the US. Page 23 and Lex

MCCARTHY & STONE, UK housebuilders, announced half year pre-tax losses of \$5.7m due to a slump in the housing market caused by high interest rates, compared with a pre-tax profit figure in the corresponding period a year ago of \$11.5m. Page 23

BANK LEU, fifth largest Swiss bank, has recommended to shareholders the acceptance of an offer from CS Holding, the parent company for Credit Suisse, the country's third biggest banking group. Page 18

RENAULT, Sir Leon Brittan, European Competition Commissioner, is likely to order the French state-owned car maker to repay more than FF12bn (\$1.9bn) of state aid granted in 1985. Page 2

UNILEVER, Anglo-Dutch consumer products group, lifted first quarter pre-tax profits 5 per cent to \$26m, overcoming a fall in the contribution from North America. Page 3; Lex, Page 22

KILBERS IXL, Australian brewing, finance and agribusiness concern, is reviewing the location of its agribusiness division because of the weakening of the Australian share market and may have to delay its planned A\$2.2bn (\$1bn) capital return to shareholders. Page 10

SIEMENS, leading West German electrical and electronics concern, is linking with printer Linotype. The merger will create a company with a turnover of around DM1.4bn (\$510m). Page 10

Relief in City despite rise in inflation to eight-year high

By Andrew Marshall, Economics Staff

UK INFLATION reached its highest level for eight years in April, as the community charge helped to push up the annual rate of increase in the retail prices index to 8.4 per cent.

The fact that the increase failed to breach 10 per cent came as a relief to London's bond and equity markets, which rose strongly. The monthly rise in the RPI was 3.0 per cent, the largest in 10 years. This reflected the impact of the community charge, or poll tax, which accounted for 1.94 percentage points of the monthly rise.

Rises in excise duties on alcohol, tobacco and petrol announced in the Budget in March contributed another 0.5 percentage points. Mr John Major, the Chancellor, said there was "nothing unexpected" in the rise in inflation and that the increase resulted from "relatively artificial changes." He stood by his Budget prediction that the annual rate of RPI increase would be at 7.25 per cent in the fourth quarter of 1990, although this has been questioned by the City and the Bank of England.

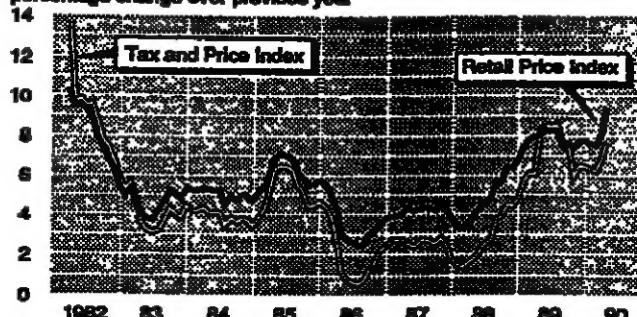
The Labour Party launched a scathing attack on the policies that had led to the price rise. "The Government's credibility on inflation is now in tatters as it scores more and more inflationary own goals," said Mr John Smith, Shadow Chancellor. "Even the underlying rate - which excludes mortgages - has shot up to nearly 8 per cent. And it has been caused entirely by the Government's own actions."

The underlying rate of inflation, which excludes mortgage payments, rose to 7.9 per cent in April from 6.9 per cent in March. Excluding both mortgage interest and the poll tax, the annual increase would have been 6.5 per cent in April, after 6.2 per cent in March, the Central Statistical Office said.

Mr Major noted that this was only about 1.5 points above the European average, which is estimated at about 5.8 per cent. One of the conditions for UK entry to the exchange rate mechanism of the European Monetary System is that UK inflation should be closer to

Details Page 4
Early surge for US markets Page 22
Lex Page 22

Inflation: The past eight years



the European average. The Treasury noted that stripping out all the administered price rises, the poll tax, excise duties and other price set by government, such as local authority rents - the annual rate of inflation had actually fallen slightly.

City analysts believe the RPI will continue to increase until August, and may still breach 10 per cent. But financial markets took some solace from the record rise, since it confounded some predictions of double-digit inflation in April. London share prices registered strong gains across the

board. The FT-SE 100 index rose 18.9 points to close at 2,175.9. The gilts market rose strongly, finishing the day one point higher. Sterling slipped slightly on its trade-weighted index.

Analysts said that the figure did not resolve the longer-term worries over the economy. Mr Peter Spencer, of Shearson Lehman Hutton, said: "The best is off the markets and the government for the time being but if rising inflation spills over into wage settlements, the problem will be much more serious than today's figures indicate."

The worst is over, say party leaders as they spur on the faithful



Douglas Hurd: in reflective mood yesterday as he waits to speak to the Conservative Party conference in Aberdeen

Tories see light at the end of the popularity tunnel

By Philip Stephens, Political Editor, in Aberdeen

MRS MARGARET THATCHER will today tell her supporters that the political tide is beginning to turn in favour of the Conservatives after the turmoil of the past few months, in spite of the latest surge in the UK's inflation rate.

The Prime Minister's closing address to the Scottish Conservative Party conference in Aberdeen will follow a carefully orchestrated series of statements from senior ministers yesterday signalling their belief that the Government has now "turned the corner."

Mr Douglas Hurd, the Foreign Secretary, said that the UK's lengthy assessment of the outlook by the full Cabinet this week had concluded that the

Protest at Romanian election 'terror'

By Owen Bennett-Jones in Bucharest and Peter Riddell in Washington

THREE members of the Romanian National Peasants Party walked out of the country's interim parliament, the Provisional Council for National Unity, yesterday saying that an "atmosphere of terror" was hindering their campaign for the May 20 elections. Their action came just hours after the US withdrew its ambassador to Romania for consultations. The State Department said that the temporary recall of Mr Alan Green, the ambassador in Bucharest, was intended to signal concern over "irregularities in the Romanian electoral process which raise questions about whether those elections will be free and fair." Mr Green will return to Romania before the elections.

The State Department urged the Romanian Government to take more vigorous steps to maintain order in face of "organised acts of intimidation and harassment."

The interim Government sought to play down the US move. Mr Cristian Uteanu, the official government spokesman, said: "The ambassador had a long and friendly conversation with Mr Petre Roman, the interim Prime Minister, before leaving for Washington."

Explaining its protest yesterday, the National Peasants Party described as "outrageous and arrogant" the refusal of the National Salvation Front, which dominates the interim Government, to postpone the elections because of concern that they will not be free and fair.

It accused Mr Ion Iliescu, the interim President of Romania, of exercising undemocratic control over the assembly. Mr Ion Varlam, a candidate for the National Peasants Party in the election for the Assembly of Deputies, said that any decision to go one step further and withdraw the party from the elections would be taken only after discussions with other opposition parties.

Earlier this week, Mr Radu Ciampanu and Mr Ion Ratiu, presidential candidates for the National Peasants Party and the National Liberals respectively, attempted to put pressure on Mr Iliescu by offering to withdraw from the campaign on condition that he did the same.

Baltic summit seeks joint policy towards Kremlin, Page 2

Weekend FT



A CRIME THAT PAYS

The collapse of another fraud trial raises again the question of how serious or successful society is in catching the white-collar criminal. Why aren't the police better at catching fraudsters? asks Christian Tyler Page 1

Finance and the Family

John Edwards on a new approach to mortgages Page III

Perspectives

Will it be the death of Venice if the World Exhibition is held there in the year 2000? John Wyles looks at the issues Page XIV

Travel

Tom Fort is about to set off for eastern Europe. Nigel Andrews has seen the future in Florida Pages X-XI

Books

A judicious selection of light summer reading Pages XV-XVI

Property

A ten-page pullout Section III

Report

Personal financial planning Page VII-IX

MARKETS

| | | |
|--|--|--|
| STERLING New York lunchtime: \$1.6785 London: \$1.6815 (1.6795) DM2.7425 (2.7450) FF9.2700 (9.2575) SF2.3450 (2.3400) Y28.75 (28.325) E index 57.1 (57.2) GOLD New York: Comex Jun \$370.4 (\$371.9) London: \$369.00 (\$371.50) SEA OIL (Argus) Brent 15-day Jun \$17.285 (17.375) Child price changes yesterday: Page 22 | DOLLAR New York lunchtime: DM1.5370 FF15.5220 SF1.3670 Y152.85 London: DM1.5305 (1.5375) FF15.5125 (1.5325) SF1.3630 (1.3655) Y152.85 (152.95) E index 55.5 (57.3) Tokyo close: 154.15 US LUNCHTIME NATAS Fed Funds 8.25 3-mo Treasury Bill: yield 7.94% Long Bond: 7.71% yield: 8.85% | STOCK INDICES FT-SE 100: 2,175.9 (+18.9) FT Ordinary: 1,708.8 (+18.0) FT-A All-Share: 1,074.94 (+0.8%) New York lunchtime: DJ Ind. Av. 2,782.88 (+44.37) S&P Comp 348.58 (+5.70) Tokyo Nikkei 31,512.14 (+581.88) LONDON MONEY 3-month interbank: close 15.3 (15.2-15.3) Libor long gilt future: Jun 81 82 (80 1/2) |
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WHITTINGDALE
GILT-EDGED EXPERTISE

| TEN LARGEST UK GOVERNMENT & OTHER PUBLIC SECURITIES FUNDS | FUND SIZE £ Million | PERFORMANCE OVER PERIODS SHOWN TO 1ST APRIL 1990 | | |
|---|------------------------|--|---------|---------|
| | | 1 YEAR | 3 YEARS | 5 YEARS |
| WHITTINGDALE SHORT DATED GILT | 69.9 | 6.3% | 18.8% | 61.3% |
| Equity & Low Gilt & Fixed Interest | 48.2 | -9.3% | -2.5% | 20.4% |
| Midland Gilt & Fixed Interest | 26.9 | -11.3% | -5.8% | 19.0% |
| Kleinwort Benson Gilt Yield | 21.9 | -8.2% | 4.5% | 34.1% |
| M & G Gilt & Fixed Interest | 19.8 | -10.3% | -4.8% | 21.2% |
| S & P Gilt & Fixed Interest Income | 19.8 | -9.4% | -4.7% | 15.7% |
| MIM Britannia Gilt | 12.3 | -15.6% | -7.8% | 8.9% |
| NIM Gilt & Fixed Interest | 9.0 | -12.8% | -6.4% | 15.5% |
| Abbey Gilt & Fixed Interest | 4.7 | -8.6% | 5.5% | 25.1% |
| Allied Dunbar Gov't Secs | 4.6 | -14.3% | -4.6% | 16.2% |

SOURCE: MONEY MANAGEMENT, MAY 1990

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The performances shown in the table above are not of all changes and tax suffered by the Funds and are offer to bid with income reinvested net of basic rate tax. Tax rates and reliefs are subject to change and depend on individual circumstances.

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OVERSEAS NEWS

Court ruling could hold up Israeli bank share sell-off

By Hugh Carnegie in Jerusalem

THE ISRAELI Government's plans to sell off its shareholdings in the country's leading banks appear to be facing a new obstacle following a Supreme Court ruling on the 1988 share crash scandal that prompted the state's acquisition of bank stock.

Until two days ago the Government was proceeding with plans to dispose of its majority shareholdings in the four main banks - Bank Hapoalim, Bank Leumi, Israel Discount Bank (IDB) and Bank Mizrahi. This followed agreement from their operators to give up the preferential voting structure which left them in full control despite government intervention seven years ago.

However, the sale process, due to begin with IDB within the next two months, is likely to be disrupted by a verdict of the Supreme Court on Thursday. It ruled that the Attorney General was wrong some

months ago not to launch criminal prosecutions against the banks and a number of their directors in office in 1988 for their role in the share scandal. It said there was "apparent evidence that justifies the prosecution of the banks and bank directors involved".

"It now looks 90 per cent certain - or more - that prosecutions will go ahead," said Mr Joseph Gross, professor of Law at Tel Aviv University. "So it could be that the whole (bank sale) procedure will have to go on hold."

The 1988 scandal involved the collapse of bank share prices which had been artificially pumped up by the banks, prompting a \$70m (\$4.2m) state bailout. Most of the directors involved are no longer in the banking system. They and a number of senior government officials were under investigation by a special inquiry into

the affair which formed the basis of an original recommendation to prosecute.

The Bank of Israel declined to comment on the implications of the Supreme Court ruling. But any prosecution of the bank corporations themselves would inevitably complicate plans to sell government-held shares in them by private placement. Mr Moshe Sanbar, present chairman of Bank Leumi, said potential investors were likely to reconsider as a result.

A particular problem would arise at IDB, first on the sell-off list, where the Recanati family had been expected to win the bid for the group. It has continued to control through a minority shareholding since 1983. Mr Rafael Recanati and Mr Udi Recanati, who headed the bank's management in 1988, are among those listed for indictment.

Defence row looming between US and Tokyo

By Michio Nakamoto in Tokyo

A PLAN by Japan's Self Defence Agency (SDA) to buy three new forward support systems worth about ¥1,000bn (\$3.8bn) each could turn into a major controversy, depending on whether the Government purchases the equipment from the US or tries to negotiate licenses from US suppliers to make it locally.

The SDA plans to buy the US-made Boeing/Westinghouse Airborne Warning and Control System (AWACS), several aerial refuelling tankers and a multi-launch rocket system under its next medium-term defence programme, which is to go into effect next year.

While procurement of the systems still needs approval by the Security Council and a budget from the Government, the key issue is more likely to be how the SDA buys the equipment. "They want it and they pretty much made up their minds to buy it, but they are new systems which will require new memorandums of understanding between the US and Japan," said one foreign diplomat familiar with the discussions to date.

There's a potential for two

or three more FSX-type squabblers," said Mr Bruce Roscoe, a defence analyst at S.G. Warburg Securities in Tokyo. Japan and the US have just been through a long and often fierce fight over the development of the FSX, Japan's next generation fighter.

The Japanese aerospace industry wanted to design and build the aircraft on its own, but the US complained that this would be a waste of money when adequate aircraft were available from US manufacturers. After much hickering, it was agreed late in 1988 jointly to develop a new version of a US aircraft, but that led to another row over whether or not the US partners in the project would be giving away valuable technology.

In the aftermath of the FSX deal, US demands on Japan to purchase more US-made defence equipment are likely to increase, in part because the US defence industry is facing substantial cuts.

However, the Japanese engineering and aerospace industries are still very determined to build up their production skills in the defence field.

'May disease' afflicts Japanese executives

By Ian Davidson in Paris and Agencies

THE AVERAGE Japanese company will suffer few disruptions to its routine as great as this month's annual influx of new recruits.

Managers find trainees cause them so many headaches that they complain of suffering from "May disease". They have no choice but to do their best to absorb the new entrants into corporate life, given an acute shortage of college graduates in Japan. This year, there were three times as many vacancies as applicants.

Mr Sakagawa, director of Gendai Communications Centre, a training consultancy, has won a national reputation for coining the most appropriate nickname for each year's intake of graduates. He lectures managers around Japan on the best way to turn raw recruits into loyal company servants.

In Mr Sakagawa's view, 1990's graduates are "snow chains". When it snows, drivers without chains all rush to the shops at the same time to buy chains for their tyres. They have no time to argue - they must take whatever is on the shelves at the shopkeeper's demands. Only afterwards will they discover whether the chains fit or not.

Mr Sakagawa says it is the same with this year's graduate intake: the competition to recruit was so tough that companies had no time to pick and choose.

In an article in a newsletter

Stefan Wagstyl reports on the side-effects of recruiting graduates

published by Denton, Japan's biggest advertising agency. Mr Sakagawa says these days lack individuality. Family background, home town and university seem to make little difference to their characters. They associate almost entirely with their peers, so describing them as a single phrase is worthwhile.

Last year's recruits were "liquid-crystal displays", says Mr Sakagawa. Like these displays they were quick to light up and respond to instructions, but they were expensive and somewhat unreliable.

He points out that 1988 was the year of the "telephone card". A telephone card only works if it is inserted the right way up with the arrow pointing in the right direction. The graduates of 1988 were the same - able to carry out clearly defined tasks but unable to do anything out of the ordinary. Also, telephone cards start heating when they are running out - the recruits of 1988 were prone to complain if asked to do overtime.

Mr Sakagawa, 65, says he does not coin these nicknames for fun. He does it to provoke recruits into answering back. Unfortunately most lack the spirit to rise to the challenge. "The samurai have gone," he says.

Greek premier urges EC S Africa policy review

By Ian Davidson in Paris and Agencies

THE European Community should re-examine its anti-apartheid policy in the light of President F W de Klerk's political reforms in South Africa, Mr Constantinos Mitsotakis, Greece's Prime Minister said yesterday.

"I am impressed by Mr de Klerk's programme. In the light of the most recent developments in South Africa, the European Community will re-examine its (anti-apartheid) policy," said Mr Mitsotakis.

The Greek Prime Minister's comment, after a private meeting with President de Klerk, was the strongest sign yet that the EC might reconsider its economic sanctions against Pretoria.

President de Klerk arrived in Greece after a two-day private visit to France, part of a nine-country European tour designed to garner greater international support for his programme of reform.

Mr de Klerk's tour will also include Portugal, Spain, Belgium, Britain, West Germany, Switzerland and Italy although details of his itinerary have not been published by the South African authorities.

South African officials have said that the Government prefers to leave all announcements to the host countries for reasons of tact. However this suggests that President de Klerk is still unsure of the reception he may receive.

French weep in wrecked Jewish cemetery

LEADING French politicians

went alongside local Jews yesterday at a ceremony in an historic Jewish cemetery desecrated by neo-Nazi vandals, Renter reports from Carpentras.

A French rabbi said the prayer for victims of the Nazi holocaust beside the debris of 34 smashed tombs.

The destruction was discovered on Thursday at the cemetery in Carpentras, a small town near Avignon where persecuted Jews first sought refuge in the 14th century.

A mound of earth marked the burial site of 81-year-old Felix Germain, whose corpse was exhumed and impaled.

Rome drugs law

An anti-drugs law with much stronger penalties for drug trafficking and tough requirements on addicts to undergo therapy was passed by the Italian parliament after more than 18 months of political controversy. John Wyles reports from Rome.

The final law is considerably weaker than the Government's original proposal on the penalising of addicts and stronger on treatment though it does for the first time make consumption of drugs a penal offence which could result in imprisonment if a user fails to accept treatment.

HK raid attacked

The United Nations High Commissioner for Refugees added its voice yesterday to criticism of the way Hong Kong police raided a Vietnamese detention centre last week. Renter reports from Hong Kong.

A statement expressed "acute concern" about "the use of teargas directed in enclosed spaces at a camp population comprising large numbers of women and children and other vulnerable persons" during a massive weapons search.

Police fired more than 100 rounds of gas to quell violence.

Spanish banks hit

Pay strikes yesterday disrupted Spain's banking and postal services, a day after a new round of talks between the Government and trade unions got off to a rocky start, Renter reports from Madrid.

Unions said that up to 90 per cent of post office workers stayed away from work in several provinces and 60 per cent were on strike in Madrid. The post office said all branches were open and staffed.

Shipment halted

West Germany said yesterday one of its companies had refused to ship computer equipment destined for a second Libyan poison gas factory planned as a twin to Tripoli's controversial plant in Babia, Renter reports from Bonn.

Siemens refused to sell a computer-driven factory control system after the prospective buyer could not identify an end user for the equipment, the economics ministry said.

Sofia economy slips

Bulgaria's debt-ridden economy has deteriorated further in 1990 and unemployment, once unknown, is making its presence felt, the socialist newspaper Donma said yesterday, Renter reports from Sofia.

There had been a steady downward slide in output and no improvement is on the horizon.

Nepal constitution

King Birendra of Nepal, bowing to demands by the reformist Government, has appointed a panel to draft a new constitution within three months, according to Radio Nepal, Renter reports from Kathmandu.

UK NEWS



Robert Maxwell, sales canvasser: left Rolls-Royce frequently to question newsvendors

Maxwell checks European pulse

By Raymond Snoddy

MR Robert Maxwell, publisher and editor-in-chief of The European, yesterday checked the sales of his new weekly newspaper personally.

Between BBC Television Centre, where he was interviewed, and the New Connaught Rooms, where the paper was launched, Mr Maxwell hopped out of his Rolls-Royce more than a dozen times to interrogate newspaper sellers.

The verdict was that sales of The European - priced 50p with 64 pages in three sections - were going well. By the end of the day there were reports of The European selling out at points from Paris to London's Victoria Station.

With over a million copies printed and distributed, The European will help to break down and remove barriers, Mr Maxwell said. However, one dedicated European said he was disappointed with the newspaper.

Tour groups plan for winter as summer sales slip

By David Churchill, Leisure Industries Correspondent

BRITAIN's leading package tour operators will next week announce their sun and skiing holiday programmes for next winter although they still have more than a million holidays to sell for this summer.

The move comes after sales of winter holidays have fallen for the first time for several years over the past six months to 1.6m holidays, down 11 per cent on the 1988-89 winter.

The main reason for lower sales, the travel industry says, was high interest rates, which stopped many Britons taking a second overseas holiday. In addition, poor snow conditions on the Continent also led to a fall in demand for skiing holidays.

"Of course it seems very early to start selling next winter's holidays," agrees Mr Andrew Wilson, marketing director for the Thomas Cook travel agency chain.

"But there are many people who need to book in advance and want to take advantage of early booking offers," he adds. The market leader in winter

holidays is Thomson Holidays, which announces its holiday programme next week. Intasun, part of the International Leisure Group, is also due to present its programme.

Trade estimates suggest that Thomson's winter holiday sales fell by about 24 per cent this year compared with the 1988-89 winter. Intasun sales are understood to have fallen by 60 per cent.

Both Thomson and Intasun may decide to cut winter capacity in proportion with this summer's cut in the summer holiday programme. Leading tour operators have already between them reduced capacity for holidays this summer by the anticipated 20 per cent drop in bookings.

Tour operators expect that most growth next winter will come in short holiday breaks - to Berlin and other European cities - as well as in the long-haul holidays.

Thomas Cook expects price rises for long-haul holidays will be lower than for short-haul destinations next winter.

Life's disasters that lead people into debt

John Authers on the National Consumer Council's portrait of debtors in the 1990s

THE typical debtor is neither reckless nor gullible, according to a National Consumer Council report published this week.

The report, Credit and Debt, contradicts the belief that most debt is fuelled by irresponsible spending to finance conspicuous consumption. It says most debtors "have suffered an unexpected drop in income - through various reasons such as redundancy, short-time working, illness, a death in the family, or marriage break-up."

The explosion in credit is seen to have been genuine - personal borrowing has nearly quadrupled to \$420bn since 1980. The spree was blamed for the current economic difficulties, and it came in a highly publicised and visible form. But it has not led to increased debt, the main cause of which is the same as it always has been - poverty.

The typical debtor is a married woman aged between 25 and 34, fully employed or self-employed in manual work, having left school at 16. In other words, debt following credit is a risk for the poor, and the newly poor. It usually affects young families, with growing needs.

Mr Simon Johnson, manager of the Birmingham-based National Debtline, says: "Debt isn't the product of any failing or psychological disorder. It can affect any of us. All the type has been about 'middle class' debt, on credit cards and mortgages and so on, but while this is significant, it's not as significant as debt related to the essentials of existence."

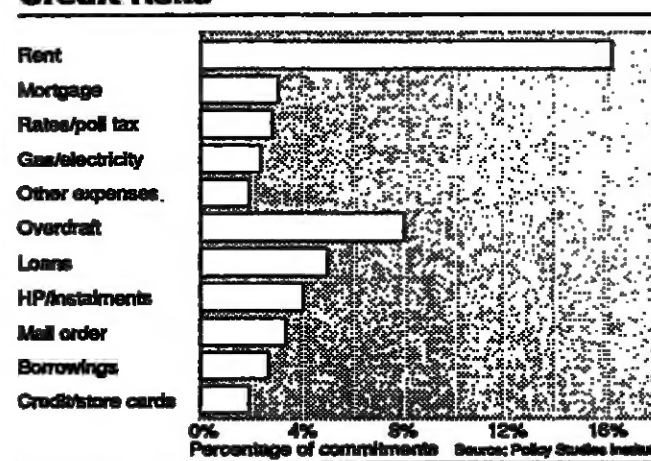
The independent Policy Studies Institute recently produced research showing that the dangers of credit cards and retail credit had been exaggerated. By far the easiest way to fall into debt is to rent a property: rent arrears cause difficulties for 16 per cent of tenants.

Credit and store cards carry the least risk of all the routes into debt surveyed by the PSI. Under 2 per cent of cardholders fall into serious difficulties.

Mr Johnson said the most common problem he encountered was not people taking out credit beyond their means. "It is people being hit by some external circumstance."

"One of my most difficult cases last year involved a woman who was separated from her husband. She lived on the seventh floor of a tower

Credit risks



block, and survived after her husband left on income support and housing benefit. She did not have a great deal of debt, but her expenditure exceeded income by about £20 per week. She had one credit deal which was collected on her doorstep. The woman who came to collect was her only friend in the world."

Measures to tighten credit in response to widespread con-

sumption could be counterproductive, Mr Alan Jarvis, manager of the Lambeth Money Advice Service, in south London and chairman of the national Money Advice Association, says the increased sophistication of credit vetting systems tends to force people into the hands of loan sharks and backstreet financial dealers, who frequently charge interests equivalent to an annual per-

centage rate of more than 100 per cent.

Mr Jarvis favours the creation of a licensed state credit agency, similar to the Credit Municipale in France, which would be geared up to give credit to people at low interest rates who would not be able to get it elsewhere. It accounts for 10 per cent of French credit business, he says.

The NCC's report illustrates in outline the trends spotted by money advisers. The growth in overall borrowing has been fuelled by the same people using more credit, not by new borrowers.

The NCC found a shift since 1980 among older people towards viewing credit as a convenient form of buying, whereas before it was regarded as a measure born of necessity. That might explain its finding that almost all the extra credit of the last decade has been taken up by the same people who used it before.

The younger and less well off, who most frequently fall into debt, view it in much the same light as in 1980 - a means of paying for things they need, and could not otherwise afford.

Editorial Comment, Page 6

Unilever Results

THE QUARTER has produced a satisfactory rise in profit attributable of 13% over the first quarter of 1989, at constant rates of exchange.

The increase in operating profit of 16% includes some improvement in margins. Property profits arising in Europe are of a similar order to those received in North America in the corresponding period last year.

RESULTS

| | 1990 | 1989 | Increase |
|--|--------------|-------|----------|
| | £m unaudited | | |
| At constant (1989 annual average) exchange rates | | | |
| Turnover | 5,120 | 4,522 | 13% |
| Operating profit | 433 | 375 | 16% |
| Profit before taxation | 366 | 348 | 5% |
| Profit attributable to shareholders | 221 | 195 | 13% |

At each quarter's average exchange rates

| | | | |
|-----------------------------|--------|--------|-----|
| Combined earnings per share | 12.32p | 10.39p | 19% |
| per 5p of ordinary capital | | | |

FIRST
QUARTER
1990

In Europe the improvement in performance was common to most of our product groups. In North America results were mixed, with lower profit in our food business. Operating profit in the Rest of the World increased significantly.

Interest costs rose as a result of additional borrowings to finance acquisitions. Overall, the effective tax rate decreased.

At the average exchange rates prevailing in each period, there was an increase in profit attributable of 19% in sterling, 3% in guilders and 13% in dollars over the corresponding quarter of last year.

The results of the second quarter for 1990 will be announced on Friday, 10th August, 1990.

For copies of Unilever results statements please write to:
External Affairs Department,
P.O. Box 68, Unilever House,
London EC4P 4BQ.

Unilever

UK NEWS

Cheap natural gas threat to 'green' power station

By Maurice Samuelson

PLANS TO build Britain's first "green" coal-fired power station in Nottinghamshire face collapse because of competition from planned natural gas-fired generating plant.

The 150 megawatt power station at Bilsborough colliery was to have been the first of a series using "fluidised bed" boilers which emit only a fraction of the pollution created by the much bigger conventional coal burners of the mainstream electricity industry.

The £100m station, part of British Coal's response to electricity privatisation, would need no additional sulphur-reducing equipment and would be as efficient as the latest conventional 2,000MW coal-fired plants.

In the privatised electricity market, however, it would have had difficulty competing with the proposed chain of combined-cycle turbine stations, run on natural gas.

British Coal's initial calculations have been overtaken by changes in the electricity mar-

ket since privatisation was launched. The market price of power against which it must compete has been driven down by the decision not to privatise the costly nuclear stations and by the drastic reduction in the value of the power stations to be sold.

Combined-cycle stations would produce power for about 2.5p a kilowatt hour, but Bilsborough's power would cost at least 3p a kWh, well outside the marginal price of the new privatised electricity pool.

Bilsborough's investment costs are also believed to be three times higher than those of a combined-cycle station - about £900 per unit of electrical output compared with the latter's £300.

The Government is also keen to test a plan to succeed because of its significance for the coal industry and does not want to disappoint Bilsborough miners, represented by the Union of Democratic Mineworkers, who were promised shares in the power station.

However, East Midlands Electricity is pressing ahead with gas-fired projects at Corby and Rugby and there is no sign of it placing a long-term power order from Bilsborough.

It is possible that British Coal itself, the largest electricity consumer in the East Midlands company's sales area, would buy some or all of Bilsborough's electricity.

British Coal is also discussing the issue with the Department of Energy, but both sides say it must stand on its own feet and rule out a government subsidy.

A four-to-six-week planning inquiry is expected to open towards the end of the year on Thames Power's bid to build a 1,000MW gas power station at Barking Reach, east London.

The coup, from which Taylor Woodrow, one of the Thames Power founders, recently withdrew, says negotiations have reached "an advanced stage" on a supply of gas and an outlet for its electricity.

Ulster inter-party talks move nearer

By Ralph Atkins

MR Peter Brooke, Northern Ireland secretary, and Unionist leaders yesterday edged towards a settlement of formal talks between the province's constitutional parties about its political future.

Negotiations lasting more than two hours at Westminster appear to have made progress towards satisfying Unionist preconditions before talks with other political parties could start.

Agreement now seems possible on a temporary suspension of the regular conferences between British and Irish ministers held under the 1985 Anglo-Irish Agreement.

Another Unionist precondition - that alternatives to the agreement should be considered - appears to have been satisfied by a letter Mr Brooke sent Unionist leaders last week.

The meeting between Mr Brooke and Mr James Molyneux and the Rev Ian Paisley, leaders of the Official Union-

ists and Democratic Unionists respectively, continued a series of talks initiated by the Northern Ireland secretary.

The Northern Ireland Office described yesterday's discussions as "helpful". Mr Molyneux and Mr Paisley are expected to meet Mr Brooke again before the end of the month.

Substantial obstacles remain, however. Earlier this week Mr Charles Haughey, the Irish Prime Minister, ruled out suspension of the Anglo-Irish agreement as an incentive to Unionists to start talks with the British Government.

The third Unionist precondition - suspending the operation of the joint British-Irish secretariat set up under the 1985 agreement - is also likely to prove a sticking point. The NIO appears to be treating a fine line, talking only about suspending conference meetings and emphasising that there would be definite start and finish dates for the gap.

DoE probes company selling poll tax advice

By Emma Tucker

A COMPANY claiming to show people how to obtain exemption from the poll tax could be spreading disinformation, the Association of District Councils said yesterday.

The association said an advertisement in a national newspaper and a number of local newspapers invited people to telephone Handley-Page and Co in Ballagh, Isle of Man. Callers were played a recorded telephone message in which the company claimed to have made a "unique" discovery that would help reduce poll tax bills substantially.

The message said the company was so confident that its method would work that it guaranteed to refund all payments "according to our standard charging conditions".

A payment of £25 was required for an application form which, the company claimed, would buy the appli-

cant all the information needed to make the savings. The message adds that the information is not transferable.

The Department of the Environment, which is looking into the claims made by the company, said Handley-Page advised applicants to sell their houses to a registered charity and declare that they were care workers, a category exempt under the legislation.

The DoE said charities want property that is adapted for their needs and workers had to be properly trained. To qualify for poll tax exemption as a care worker, a person must have a contract of employment with a charity, setting out hours and salary.

The telephone number in Ballagh, Isle of Man, given on Handley-Page's application form, was unobtainable yesterday. The company was not listed by directory inquiries.



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NEWS IN BRIEF

Black and Decker bows to the MMC

BLACK AND Decker, the UK electrical appliance manufacturer, has agreed not to supply retailers who sell its products at below cost to attract customers.

The company has assured Sir Gordon Borrie, the director general of fair trading, that it will not try to impose resale price maintenance on retailers. That follows a report by the Monopolies and Mergers Commission last October which found Black and Decker guilty of refusing to supply certain retailers.

Judgment reserved on Visa challenge

A HIGH Court judge today reserved judgment on a bid by Visa International, the credit card company, to overturn the main recommendations of the Monopolies and Mergers Commission Report on credit cards.

Visa is seeking a ruling against a government decision, in accordance with the report, to allow retailers to charge customers less for payment by cash than by credit card.

CBI chief quits

MR Marcus Thompson, the director of the Confederation of British Industry in Scotland, resigned yesterday after six months in the post.

Mr Thompson, 54, said he had resigned at the end of his probation period because administrative burdens did not allow him enough scope to develop his expertise in marketing and business management.

BA prepares sell-off

BRITISH AIRWAYS is considering selling its loss-making Four Corners travel agency chain as part of a restructuring of its leisure operations.

BA said yesterday that Ms Sheila McAuley, managing director of the up-market travel service since it was set up two years ago, would be taking up a new role within the airline. That fueled speculation that BA was about to sell the chain to the Littlewoods stores group.

Ambassador arrives

THE FIRST Argentine ambassador to the UK since the Falkland Islands conflict arrived at Heathrow yesterday. Mr Mario Compara said the post was a "clear indication of the new relationship between my country and the United Kingdom."

SCOTTISH CONSERVATIVE CONFERENCE

Public services brought to top of agenda

CONSERVATIVES must put the improvement of public services at the top of their agenda for the 1990s and prove themselves as a "caring and listening" party, two senior ministers told the Scottish Conservative conference in Aberdeen yesterday.

Mr Douglas Hurd, the Foreign Secretary, and Sir Geoffrey Howe, the Deputy Prime Minister, called for the party to look beyond its immediate agenda.

Conference reports by Philip Stephens and James Buxton

Mr Hurd said that while the Government's first aim must be to bring down inflation and interest rates and to improve the operation of the community charge, it had also to find new themes for the future.

To guarantee a fourth term in office, Conservatives had to show "that as a party and a government we have fresh thoughts and policies to take our country into the 21st century."

The emphasis on free market enterprise and monetary vigour should be accompanied by a balancing theme of "good

stewardship" - focusing on improving public services.

The three elements in such stewardship should be the transfer of more decision-making to consumers, greater involvement of professionals in the management of the public services they delivered, and an enhanced role for "public-spirited" citizens and voluntary initiatives.

Mr Hurd said that the Government's efforts in devolving power and increasing consumer choice in the health and education services should be applied to other parts of the public sector.

He said the Government needed to press for a "new style" of local government in which councils saw themselves as enablers rather than as providers of services.

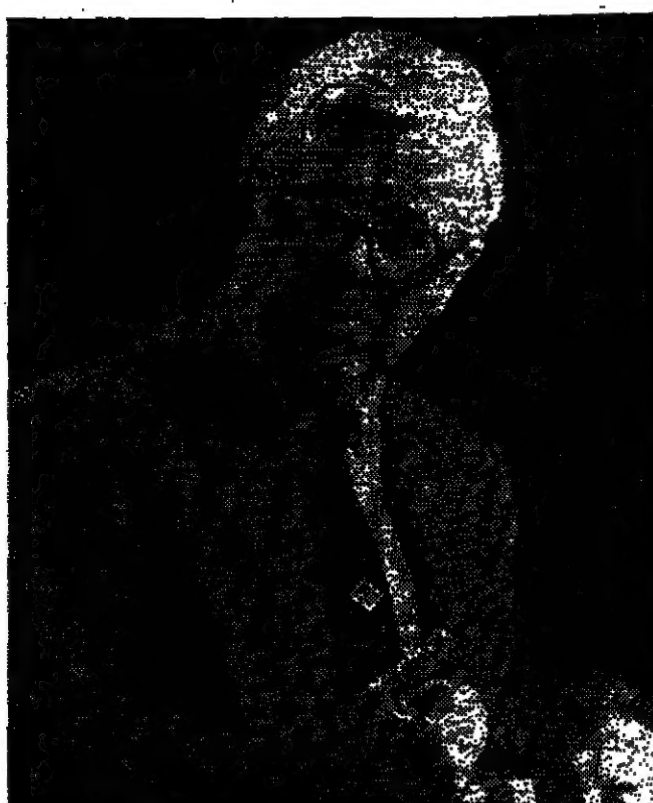
Sir Geoffrey took up a similar theme in a speech urging the party to stick firmly with its determination to bring down inflation but also present itself as "experienced, flexible and sensible."

The aim should be to build on the economic and political successes of the past 11 years and to advance the cause of political and economic liberty.

Ideas for political union did not mean that Britain was "faced with a plot to destroy national institutions. You only have to listen to President Mitterrand, or his ministers, talking about French institutions and policies to realise that."

However, "in some quarters" there was a faith in bureaucratic solutions which Britain did not share, and "a certain cynicism" about what political union meant.

Britain and Mrs Margaret



Sir Geoffrey Howe: Conservative Party should present itself as "experienced, flexible and sensible"

Counter-inflation policy working, Lamont says

THE GOVERNMENT'S counter-inflation policy should not be expected to yield instant results, but there were already clear signs that it was working, Mr Norman Lamont, Chief Secretary to the Treasury, said yesterday.

Speaking after publication of official figures showing that the inflation rate jumped to 9.4 per cent last month, Mr Lamont underlined the Government's determination to maintain interest rates at their present high levels.

In an apparent acknowledgment that the rate might move higher over the next few months, he said slowing the economy would take time, not least because growth over the past two or three years had been more robust than imagined.

Mr Lamont emphasised that the retail price index greatly exaggerated the underlying

pace of price rises. If Britain measured inflation in the same way as France, Italy and most other European countries, the inflation rate announced yesterday would have been about 6.5 per cent.

That was still not good enough, Britain had to get its inflation down to compare with the lowest in the European Community.

Mr Michael Forsyth, chairman of the Tory Party in Scotland as well as Under-Secretary at the Scottish Office responsible for health matters, yesterday delighted supporters at the Conservative Party conference in Aberdeen by announcing that Scotland was to have its first heart transplant unit situated either in Edinburgh or Glasgow. He also approved a plan for the first Government-funded helicopter ambulance service in Britain, based at Inverness, Scotland.

Hurd calls for positive view of united Europe

BRITAIN should not be "prickly, defensive or negative" about its role in the European Community, Mr Douglas Hurd, the Foreign Secretary, said yesterday.

He told Scottish Conservatives that Britain wanted a strong EC that would use its political and economic influence to advance the cause of political and economic liberty.

Ideas for political union did not mean that Britain was "faced with a plot to destroy national institutions. You only have to listen to President Mitterrand, or his ministers, talking about French institutions and policies to realise that."

However, "in some quarters" there was a faith in bureaucratic solutions which Britain did not share, and "a certain cynicism" about what political union meant.

Britain and Mrs Margaret

Thatcher, the Prime Minister, fulfilled the role in the EC of asking hard, practical questions and insisted on getting a proper answer.

"Don't be depressed about talk of Britain being isolated eleven-to-one. It means that questions are being answered, positions tested and statements probed now rather than in two years' time," Mr Hurd said.

Britain would not be isolated in the EC "unless we isolate ourselves by shutting ourselves off, raising the drawbridge of argument, acting as if we were a beleaguered island. We should sail forth with our arguments and proposals," Mr Hurd argued.

Mr Tom King, the Defence Secretary, said that Britain was "not going to take any risks with the good friends of the world in the great changes that had occurred in eastern Europe."

Britain to oppose targets on greenhouse-effect curbs

By John Hunt, Environment Correspondent

BRITAIN WILL not support targets to prevent global warming that will be proposed at the international environment conference in Bergen, Norway, said yesterday.

Mr David Trippier, Environment Minister, said yesterday that Britain, Canada and the Soviet Union supported the US in opposing the Norwegian proposal.

Norway, with the backing of other Scandinavian countries, will propose that emissions of carbon dioxide, the main greenhouse gas, should be sta-

bilised at present levels by the year 2000. It looks as though there will be a conflict at Bergen on the issue.

A letter sent to US embassies by the State Department recently claimed that Britain, Canada and the Soviet Union supported the US in opposing the Norwegian proposal.

Britain says it is not prepared to agree targets until the

Intergovernmental Panel on Climate Change gives its definitive report in August.

Mr Trippier, who will represent Britain at the conference, said on BBC radio yesterday that the panel's scientific study makes clear that global warming is happening. He added: "When they make their recommendations we will be expected to respond. No government can duck that issue."

"What we are not going to do is to sidetrack at Bergen and come out with new emission targets when we have not even analysed the problem," he said.

The conference, attended by 34 countries, is a follow-up to the Brundtland report on sustainable development.

The ministerial session begins on Monday, but this week representatives of industry, science, the unions, envi-

ronment and youth have been meeting in Bergen to draw up their proposals.

Yesterday, Mr Patrick Gillen, president of the UK chapter of the International Chamber of Commerce, told the conference that if industry was serious about tackling the "greenhouse" effect it had to identify difficulties across national boundaries and find ways to improve efficiency.

THE GUINNESS TRIAL

Sir Jack told DTI inspectors about fears of leak

SIR JACK LYONS, the millionaire financier, was concerned in case information from him might leak out, the jury at Southwark Crown Court heard yesterday.

The information was in evidence he gave to Department of Trade and Industry inspectors investigating Guinness, and involved "a very senior political figure".

Interviewed in January 1987 by the inspectors, Sir Jack told them: "I am very concerned about our country. I am very concerned about our political situation and what could be an election year and I do not want to give fuel that could be unfairly used and damaging to our Prime Minister, because this is the level at which I am dealing."

Mr David Donaldson, QC,

one of the inspectors, told him no assurance of total confidentiality could be given, but "nobody wants it to leak."

Transcripts of the defendant's interviews with the inspectors are being read at the trial of Sir Jack, Mr Ernest Saunders, former Guinness chairman and chief executive, Mr Gerald Ronson, Haron group chairman, and Mr Anthony Parmar, City stockbroker. They deny charges arising from an allegedly unlawful share support operation mounted by Guinness during its 1986 battle for Distillers.

Mr Donaldson asked Sir Jack: "Are you saying you were involved in some kind of political démarche, that you made representations to some political figure in relation to the merger?" Sir Jack explained he had

written to the Prime Minister outlining why he thought Guinness's revised bid should not be referred to the Monopolies and Mergers Commission. Ten days later, the bid had been cleared and Mr Saunders had "wanted to almost throw his arms around me, I think."

Court report by Raymond Hughes

Sir Jack, asked if he was on Christian-name terms with Mrs Thatcher, replied: "I could be if she was not the Prime Minister. I always show my respect to the Prime Minister and call her 'Prime Minister'. She varies. She calls me either 'Sir Jack' but often calls me 'Jack' and refers to my wife as 'Ros-lyn'.

On other occasions... she might refer to Roslyn as 'your lady wife'."

Sir Jack told the inspectors he had been "pressured" to call the chairman of Guinness and had persuaded the President to assist its Distillers holding to Guinness.

He explained that Lord Hunt and Lord Carr, the Pru's chairman and deputy chairman, were "very good friends of mine, in fact relatively close friends, particularly Lord Carr, and I used that friendship."

He had told Lord Hunt that "the benefit of the country and their investors" would be better served if they backed Guinness.

Ernest Saunders rather than Mr James Gulliver - the chairman of Guinness, the rival bidder. "I felt it was a duty of the institution to its investors to back the best man."

Sir Jack denied having negotiated his own fee from Guinness. He said Mr Saunders and Mr Thomas Ward had offered him £2.5m and he had agreed to sell his flat in the Washington Watergate building to Guinness for £750,000.

He had, he said, suggested that Mr Parmar should get a £3.5m fee. He agreed it was large, but "we all forget in this country... the inflation. When you go to Italy and you go to a restaurant, you pay two million lire for your dinner, or for a pair of trousers."

The trial resumes on Monday.

Inflation rate falls short of City's double-digit fears

By Andrew Marshall, Economics Staff

THE City's collective mind has been focused on one thing only for the past few weeks: the retail price index figure for April, released yesterday. Peaks, profiles, index changes and percentage rises were all anxiously dissected with one question in mind: whether the RPI would be over 10 per cent.

As it turned out, it was comfortably short of that figure. At an annual rate of 9.4 per cent, the increase was close to or below the median figures released last week by the various forecasting agencies. But many forecasters still expect the RPI to go into double digits, with the peak in August.

Kevin Gardiner of Warburg Securities forecast 10.25 per cent, the highest of fears that had not been met. Keith Skeoch, chief economist at James Capel said, "In any normal perspective, 9.4 per cent is an appalling figure."

Warburg overestimated the effect of the community charge by 0.5 per cent; in fact, it added 1.34 percentage points to the

monthly increase of 3 per cent. Altogether, housing added 1.81 percentage points - reflecting the rise in mortgage rates and poll tax - or roughly 50 per cent of the total increase.

Council house rents did not rise as rapidly as Warburg expected. Many other analysts had assumed that the full weight of the excise duty rises from the budget would come through in the April figures.

In fact only some two thirds of it did, adding about 0.35 per cent to the increase. There was also some uncertainty over the effect of mortgage rate rises, some of which will affect the May figure.

Some of the market's relief was thus a function of fears that had not been met. Keith Skeoch, chief economist at James Capel said, "In any normal perspective, 9.4 per cent is an appalling figure."



John Major, the Chancellor, Leigh-Pemberton, Governor of the Bank of England

price rises, a direct result of Government policy. Apart from those, analysts were divided over whether any relief is in sight on price trends. "There is some genuinely good news in all this," Mr Gardiner said. The increase in household goods and clothing was more modest than he expected. The Treas-



Robin Leigh-Pemberton, Governor of the Bank of England

sury said that, excluding administered rises and the community charge, there had actually been a small fall in inflation of about 0.25 per cent. Food prices continue to be a worry, said Mr Chris Dillow of Nomura Securities, although the rate of annual increase fell slightly from 8.7 per cent to 8.4

per cent. "This will add to fears that the devaluation of the green pound in April will increase prices even further," he said. Some of the bad news has also been stored up for May.

Some analysts considered the annual rise of 7.9 per cent in the RPI excluding mortgage interest payments, up sharply from 6.3 per cent in March, more important than the devaluation in the headline figure.

In any case, few forecasters expect April's figure to be the peak. Late summer is likely to be the highest point for the RPI, analysts said, and although the high point will be less than some had feared, many analysts still expect RPI to go into double digits.

Analysts concur broadly with the Bank of England's verdict in this week's Quarterly Bulletin that RPI could be close to 10 per cent for several months. But it was the pros-

pect of further rises in underlying inflation that particularly alarmed the Bank. "On that score, we can't switch from our pessimism," said Mr Gardiner. "The UK still has a chronic problem with underlying inflation."

Underlying inflation depends critically on what happens to wage costs. The underlying rate, excluding poll tax and mortgage rates, is at 6.5 per cent, Mr Peter Spencer said, from 6.3 per cent in March. It is likely to go up to 7 per cent in August, he predicted, and will stabilise at that rate.

Sterling remains a big worry, said Mr Simon Knapp of Barclays de Zoete Wedd. "The reason we've had to have 15 per cent rates for so long is because sterling has weakened so badly."

Further depreciation might raise import prices, and dearer any further improvement. The other, is the future inflationary trend in Europe.

UK NEWS — EMPLOYMENT

Lucas plants face indefinite strikes

By Michael Smith, Labour Correspondent

UNION LEADERS are organising indefinite strikes from tomorrow at two plants owned by Lucas Industries, the aerospace and automotive components group, after talks with management yesterday failed to produce shorter working week deals.

However, the Confederation of Shipbuilding and Engineering Unions said it had called off strikes planned at another four engineering plants — two owned by Lucas and two by Weir Group — after reaching 37-hour agreements at them.

Workers at a fifth Lucas plant, in Gillingham, Kent, are likely to vote today on an hours deal. If they accept it, they will join their colleagues

at Lucas's Burnley and Gloucester plants — together with workers at Weir's Manchester and Cathcart, Glasgow, factories — in not striking.

The CSEU said there was little chance of strikes being averted at Lucas's plants in Witley and Wolverhampton, both part of the aerospace division, which employ 120 and 784 manual workers respectively. At Wolverhampton the strike will also be joined by 300 staff who work 28 hours.

Union leaders said the aerospace division had adopted a harder stance in the talks than the automotive wing.

In another development yesterday, the CSEU said it had final agreement for a 37-hour

week for 30,000 workers in the light metal trades. The agreement covers 53 companies, many involved in foundries.

Workers at Weir's Manchester and Cathcart factories were influenced by pay deals accompanying the hours deals which union leaders described as the best in recent years. The unions said the deals would put 10.5 per cent on basic pay, although Weir said only 8.1 per cent was new money, with the rest coming from bonus consolidation.

The hours deals mean each worker will get an extra day off every fourth week.

The Lucas agreements concluded yesterday mean that manual employees at

Gloucester and Burnley will win a 40 minute cut in their working week from July and another 40 minutes in each of the next two Januaries.

The 450 Gloucester workers will work a four day week and the 1,100 at Burnley will work four and a half days, according to unions. The unions had initially targeted eight Lucas plants for strikes together with three owned by Weir and one by William Cook, the foundries company.

Deals at all but two of the 12 will enable the CSEU to threaten strikes at other companies in the unions' campaign to win a reduced working week for all engineering manual workers.

NUR puts off decision on tube ballot

By Diane Summers, Labour Staff

THE PROSPECT of a London Underground strike receded yesterday as the National Union of Railwaysmen executive committee threw out a proposal for an immediate ballot of members following the rejection of a 9.3 per cent pay offer over 11 months.

However, a compromise was reached which postpones the final decision until next week, and further soundings on the strength of support for industrial action will be taken in the meantime.

Mr Jimmy Knapp, General Secretary of the NUR, said that the London Transport sub-committee of the executive had been "instructed to take a long hard look at the situation in the light of all the developments since the last meeting with management on May 4."

One of these developments came during yesterday's meeting: the retail price index increase figure, which at 8.4 per cent was lower than had been expected, was revealed when discussions were already well under way.

The NUR, which has 13,000 Tube members, is the largest of the three unions representing London Underground's 20,000 staff. The two other unions, the TSSA white-collar union and the Aslef train drivers, have already accepted the pay offer.

The RPI figure will have a cooling effect on other wage negotiations currently in progress. For example, union leaders representing more than 600,000 construction industry workers rejected a pay offer of over 9.5 per cent on Thursday, partly in the hope that by yesterday they would be able to point to a double-figure inflation rate.

Other key wage talks next week include those at ICI, where a response to a 14 per cent pay claim on behalf of 26,000 manual workers is expected. Discussions also start on a 19 per cent claim by British Telecom employees and a £1,500 flat-rate claim by local government white-collar workers.

Top supervisors of rail station catering get 22% pay increase

By John Gapper, Labour Editor

TRAVELLERS FARE, the railway station caterer, has introduced a new grade of senior supervisor which will allow some staff wage increases of up to 22 per cent. The innovation is part of an 8.3 per cent wage settlement.

The company, formed in a management buyout of British Rail's station catering arm, has also told white-collar staff that it intends to base their pay awards entirely on profit and individual performance from next year.

The new senior supervisor grade in most of the company's 340 outlets is an attempt to bolster supervision, and offer existing staff a better chance of promotion. The senior supervisors will be paid £4 an hour.

The deal follows a pay award of between 10 and 20 per cent for basic grades in Travellers Fare outlets last year. That award was intended to combat increasing recruitment and retention difficulties among junior staff.

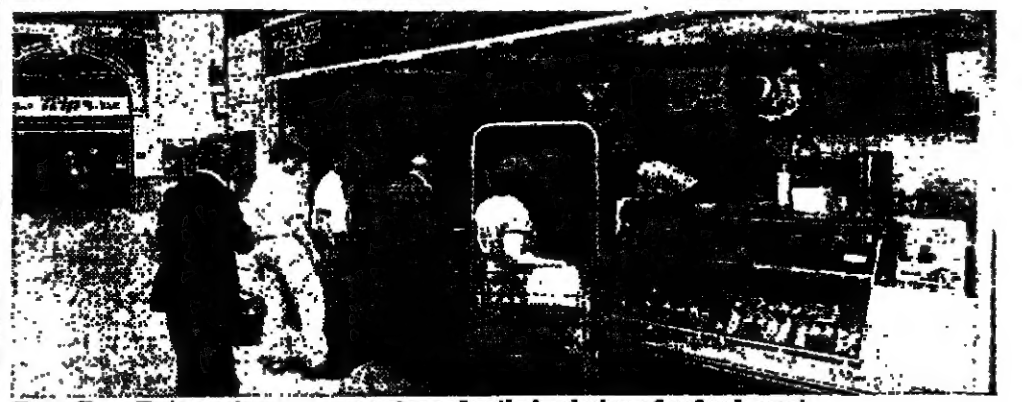
Mr Peter Duff, personnel manager, said that last year's increase had improved recruiting but the company now wanted to raise the quality of staff and encourage more to seek promotion to unit manager level.

Staff becoming senior supervisors will deputise for unit managers. They will be promoted after being trained in responsibilities such as stocktaking and banking, and the company does not expect to recruit from outside.

The company has also agreed a wage award of 11.8 per cent — including 3.5 per cent allocated according to individual performance for its 500 white-collar staff. Both pay awards are being backdated to April 1.

Mr Duff said the company would produce proposals by the end of the year for switching the pay of white-collar staff entirely to being based on performance and profit instead of there being an automatic annual rise.

The company negotiates with the National Union of Railwaymen and the Transport and Salaried Staff Association on pay for manual and white collar grades. It has separate negotiations for managerial staff.



Travellers Fare customers queue to make their choice of refreshment

Channel tunnel prohibition notice lifted

By Andrew Taylor, Construction Correspondent

WORK on part of the Channel tunnel which had been halted by the Health and Safety Executive on safety grounds resumed yesterday after the executive lifted its prohibition notice, contractors said last night.

Transmanche Link, a consortium of five British and five French contractors, said the prohibition notice had been lifted on one of the two marine running tunnels.

It said it had not asked for the prohibition notice to be lifted on the other tunnel which was due to be shut down anyway for essential maintenance. The company would use

this time to make modifications to machinery and install new safety procedures.

The contractors denied reports that a worker had been seriously injured on Thursday following the death earlier this week of Mr William Cartman, 38, a grower from Washington, Tyne and Wear, who became the sixth British worker in 16 months to be killed on the project.

Transmanche Link said the latest incident involved a worker employed by a sub-contractor on a huge rail terminal built being north of Folkestone who had been "involved in an incident on Thursday and as a

matter of routine had been taken to hospital."

The HSE had said it would not lift its prohibition notices until specific safety improvements had been made.

Mr Tony Lloyd, Labour spokesman on health and safety, yesterday called on the Government to prosecute senior managers if companies were negligent on safety when workers were killed and injured.

He sought assurances that cuts will not be made in staffing at the Health and Safety Executive. "I have been made aware that the Health and Safety Executive is currently

investigating the scope for 'efficiency savings' of 15 per cent and even further savings beyond that point," said Mr Lloyd in a letter to Mr Michael Howard, Employment Secretary.

"I am frankly astonished that such a move can be taken at a time when the resources of the executive do not match the demands."

"Will you now withdraw this review process which can only lead to real cuts and guarantee instead that the executive will receive extra money in line with what is needed to guarantee health and safety at work?"

Labour pledges to tighten pension protections

By Eric Short

A FUTURE Labour government would require company pension schemes to protect pensions and deferred pensions fully against price increases, said Baroness Turner, Labour's employment and social security spokeswoman in the House of Lords, yesterday.

She told the National Association of Pension Funds annual conference in Brighton that companies would also be required to meet at least a standard contribution payment to ensure the underlying financial security of company schemes. Employers would no

longer be able to "tip their fingers" into pension scheme surpluses until members' benefits had been fully protected.

She accepted that some employers would be unwilling to accept these additional requirements and would wind up their company schemes. But, she said: "This is a risk that we shall have to take."

The centrepiece of the Labour Party's policy would be to restore the link with earnings in the revaluation of the basic state pension. She warned that it would take some time for state pensions to catch up with what their cur-

rent value would have been had the earnings link not been broken by the present government in favour of a link with prices. There would also be an immediate uprating to offset some of that loss.

She also reaffirmed that the state earnings related pension scheme would be restored to its former position and all cuts made by the present government would be removed.

However, Lady Turner reaffirmed that Labour wanted to restore a full working partnership between the state and good company schemes. She promised full consultation with

industry before changes.

Finally, she reaffirmed Labour's stance that personal pensions could not be used to contract out of the state earnings related scheme unless the private schemes could guarantee that they would match the State benefits.

Employees who had already contracted out of Serps into personal pensions would not be forced back into Serps, but Lady Turner said that life companies would be required to give annual comparisons of what employees would get from their personal pension and from fully restored Serps.

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Saturday May 12 1990

Perils of Pauline

LIKE A heroine in a soap opera the British Pauline has, for now, escaped the feared pit of "double digit" inflation. Retail price inflation, it was said, was only 9.4 per cent in the year to April 1990. While Pauline may have escaped falling headlong into the pit, she is stuck in a stagflationary quagmire. Instead, in front lies a hard slog back to zero.

Even the figure of 9.4 per cent, which reflects a jump of 3 percentage points in the retail price index in one month, attracted horror. But this reaction contributes to the UK's difficulties rather than reflects them. The headline figure in the RPI is no more reliable an indicator of inflation than a sundial is of the time. The explanation for the jump were the poll tax, the budget's increase in excise duties and administered price rises. Excluding such factors, the rate of inflation of marketed output apparently fell.

The Chancellor was right to index excise duties, despite the risks. The Retail Prices Index Advisory Committee was quite wrong, however, to recommend incorporation of the Community Charge. The RPI is, it is true, sometimes referred to as the "cost of living index" and the poll tax is certainly a tax on living. But the index is not the consumption of goods and services, even if the Government's more foolish propaganda has suggested that it is. If the Government alone were to index the poll tax, it would matter. Unhappily, the blunder will stimulate, needlessly high wage claims whose consequences will be unnecessarily high unemployment.

The UK's inflationary pressure is better indicated by the inching up of producer prices and by rising inflation in wages and unit labour costs. This pressure has had to be dealt with by curbing the growth of demand. Fortunately, as the Bank of England's latest Quarterly Bulletin remarks, "the evidence is that final demand has not only slowed very considerably but has done so more than output".

Necessarily medicine. Inevitably, at this stage in the economic cycle the disinflationary medicine, the high cost of borrowing, looks like the disease rather than the cure. High interest rates raise the headline RPI, while the slow-down in demand increases unit cost inflation, as productivity growth falls.

Pauline may have made a mistake to land in the quagmire, but she has no easy way out. When wage inflation at last starts to fall, it will be because profits are being squeezed and unemployment is rising. This necessity is far from universally recognised. Mr Neil Kinnock, for example, only this week called on the Government to lower interest rates to "get out of the threat of recession".

Perhaps Mr Kinnock does not understand (or is unwilling to admit) the implications of the Monetary System "devolution" that will be the work of the Chancellor. In an interesting interview in the *Independent on Sunday*, Mr Smith declared that, within the exchange rate mechanism of the European Monetary Union, "devolution" will not really be an option. Moreover, if the private sector behaves in an inflationary manner "there would be unemployment, wouldn't there?"

Competitive pound. Yet Mr Smith also suggests that we should not go in at too high a rate, thus echoing the Policy Review's desire for a "competitive pound". The one clear lesson from Mr Nigel Lawson's chancellorship, however, is that a high inflation country cannot fix its exchange rate system at a "competitive" rate without risking a monetary mess. Credit controls are not the way to enter the ERM, they would probably fall by much less than many hope (as can be inferred from Spain's experience). Fortunately, high interest rates are working, if slowly.

The rate of growth of demand has fallen sharply over the last two years. Moreover, as the Bank of England's economists argue, the sensitivity of borrowers to high interest rates is considerable (even if that sensitivity can only be reduced by Mr Major's repetition of his hope for lower interest rates).

There is no easy escape from the UK's predicament. If the UK is to be a full participant in European monetary affairs, wage inflation must halve, halving underlying inflation from 2.5 to 1.25 per cent. Yet many in the Conservative Party hope that after a difficult year in 1990, all could be back to normal in 1991. Equally, many in the Labour Party believe that successful disinflation can be achieved without the pain of high interest rates. These are fantasies. The UK faces a long slog. But it is high time that this particular Pauline changed behaviour suitable only to a soap opera and started to initiate the sobriety of her neighbours.

David Churchill on the companies competing for Britain's free time

Roller-coaster ride for leisure groups

UK leisure spending

Market value by activity £ million

| | 1983 | 1985 | 1987 | 1989 |
|------------------|--------|--------|--------|--------|
| Audio equipment | 990 | 1,273 | 1,622 | 2,165 |
| Cinema | 124 | 132 | 152 | 180 |
| Eating out | 7,411 | 9,269 | 11,389 | 14,018 |
| Foreign visitors | 4,003 | 5,442 | 6,260 | 6,775 |
| Gambling | 1,842 | 2,117 | 2,439 | 2,853 |
| Gardening | 864 | 893 | 1,033 | 1,398 |
| Holidays abroad | 5,000 | 6,140 | 6,500 | 10,382 |
| Holidays in UK | 2,640 | 3,080 | 3,100 | 4,129 |
| Sports | 2,420 | 3,212 | 4,581 | 6,022 |
| Television | 2,119 | 2,314 | 2,618 | 3,026 |
| Others | 22,688 | 27,189 | 31,503 | 37,425 |

Source: Market Centre for Forecasting



leisure stocks in the last four weeks reflect the fact that the deal-makers have come unstuck," he says. "There has been too much dealing and too little attention paid to running the business."

Mr Conlan's view reflects the fact that First Leisure was one of the few leisure companies which eschewed growth by acquisition, on borrowed money during the heady days of 1988, when finance was readily available. Its policy at the time was considered overly cautious by analysts and its competitors: now the company has been described by the stockbroker County Natwest as "as solid as Blackpool rock."

In 25 years in the leisure industry I've never seen anything like it," adds Mr Conlan. "The banks were simply throwing money at companies to buy other leisure operators. You didn't seem to have to be any good at managing the business as well."

Peter Copp, an insolvency expert specialising in leisure with the accountancy firm Stoy Hayward (he is also administrator for the Rex Williams Leisure - a small snooker to pubs operation. They culminated in the resignation last month of chairman Frank Warren (the boxing casino operations which were hit by a dearth of "high rollers" last year).

Even Brent Walker's better-than-expected results earlier this week - with a pre-tax profit of £82.2m instead of the anticipated £70m - failed to impress brokers who have marked the shares down heavily over the past few weeks.

What has gone wrong with the leisure sector? John Conlan, chief executive of the First Leisure disco-to-disco-bowling group, puts the blame firmly on over-ambitious expansion financed by debt. "The problems with

which found it difficult to find a buyer for its London casinos in the present depressed climate about the reaction of the City. "I think they fundamentally misunderstood the leisure industry," he states. With the Alton Towers acquisition, Tussauds is now one of the leading leisure players in the UK.

Mr Herbert believes that Tussauds' success is due to taking a long-term view of leisure markets. "After all, Madame Tussauds has survived changing leisure fashions for more than 200 years," he points out. He admits that this is easier said than done, but he adds that it is part of a larger group such as Pearson: "The City talks too short-term a view," he says.

But not all leisure developments sit happily in a large group. Last September, Tussauds sold the Woolley Hole attraction in Wells, Somerset, for £2m because, as Mr Herbert explains, "we felt it was too small to fit into our plans and it could be better run as part of a small, private company."

Yet it is the short term which still worries many investors in leisure. The drop in high street spending has clearly been mirrored in some leisure sectors: demand for continental package holidays, for example, has fallen 30 per cent this year.

Other adverse effects are still emerging. Consumers are trading down where they eat out - spending less per head and looking for better value - and there are signs of some cuts in the frequency of restaurant meals. The gambling spree of the 1980s does seem to have faded out not just in terms of high-spending casino punters but also in areas such as amusement machines in pubs and clubs.

The buoyancy of tourism to the UK, however, is forecast to help leisure

spending in the UK this year reach a total of £81bn. Yet for all its vast size, the industry remains an aggregation of many small and disparate purchases on such things as meals out, visits to the cinema, or games of bingo.

This leaves the leisure business highly fragmented. "It's only just emerging from the cottage industry stage and becoming a proper industry," points out Mr Michael Gifford, chief executive of the Rank organisation, one of the UK's largest leisure operators, which is involved in cinema, holidays, bingo, eating out and theme parks.

Fragmentation in turn begets management problems. Everywhere, the emphasis has to be on tight financial controls and a hands-on approach to running the business, on top of giving customers a good time. "Finding the right sort of managers to work unsocial hours is one of the headaches and keys to running a successful leisure operation," says Mr Michael Ward, chairman of European Leisure.

Mr Ward is typical of the wheel-and-dealer leisure operator who emerged in the buoyant market conditions of the late 1980s. Having worked in the City with Samuel Montagu and S.G. Warburg, he moved in on the spending power of the young and the fragmented nature of the disco business.

"It's a very cash-rich type of business to be in - the kids pay cash to get in and cash for their drinks," he says. "The problem small disco operators faced was keeping the money from walking out the back door." Most disco businesses that fall do so for the simple reason that staff siphon off the takings.

Since moving into the market in 1987, Ward's strict financial sense has enabled him to keep the cash flow walking out of the back door and to become a key player in the fragmented disco business through a series of small acquisitions (such as his purchase of the London Hippodrome from Peter Stringfellow for £7m last year).

His most ambitious deal to date was the successful offer for Midsummer to add its portfolio of 59 discos to European's 28 to create the largest disco chain in the UK.

Changed market conditions may make it more difficult for leisure entrepreneurs such as Mr Ward to break into the leisure market in the same way over the next few years. Instead, the shape of the industry is moving towards big players dominating the various niche markets in which they operate.

Rank is a prime example. "In each of the leisure markets in which we operate our aim is to be the dominant or a significant force," says Mr Gifford. Butin's, for example, is the largest operator of holiday camps in the UK and one of the biggest holiday operators of any type in Britain; Rank's bingo operations via with Mecca Leisure as market leader.

Mr Gifford's belief in leisure opportunities - "we see expenditure on leisure in the UK growing on average at twice the rate of growth in gross domestic product" - has led Rank to invest heavily in the sector. It plans to spend up to £10m on the proposed Universal film studios and theme park development at at Rainham in Essex.

Such investment shows the confidence many large companies have in the future of the leisure industries in Britain, even if the City still has some way to go before it, too, really believes.

The fact that money can still be made from leisure is shown by today's FA cup final between Manchester United and Crystal Palace at Wembley shows: Mr Wolfson expects record receipts of more than £2m from today's match - whoever wins.

MAN IN THE NEWS

Iain Vallance

Herald of BT's night of the long knives

By Charles Leadbeater



of gravity in this job. One characteristic I have in spades is determination."

Two and a half years on he feels more confident of BT's strength to carry through change on its own initiative. "Most companies do this sort of thing only when they are forced by a crisis," he says. The company does not simply need to shift from a public to private sector culture, but more importantly from a monopoly to a competitive culture.

Mr Vallance hopes much of that will be achieved in the next year by Project Sovereign which will drive the reorganisation to the furthest reaches of the company.

The plan reflects Mr Vallance's characteristics: tidy, compartmentalised, thorough, planned analytically, as if it were the formal solution to a complex equation.

It threatens to consume vast quantities of management effort. Every managerial job description will be drawn

up for selection and an extensive management retraining programme will be launched. Project Sovereign will have three main prongs, which in turn will sprout about 100 sub-projects run by management teams. Each will have count-down formal milestones to reach covering personnel, finance and organisation, to ensure the new structure is in place for April next year.

Mr Vallance denies the project will lead BT into a year-long, analytical gaze at its own navel rather than its customers. Although Mr Vallance has only worked within BT, following his father who was director of the Scottish Post Office, he is not sentimental.

The district structure to be demolished, which is widely blamed for blocking change within the company, was in large part his own invention. He betrays not a hint of emotion over the departure of Mr Graeme Odgers, the group managing director recruited from Tarmac, the construction

company. Under the revised structure more power will pass to Mr Vallance, aided by Mr Mike Bett, the director of BTUK who will become vice-chairman. Outsiders, such as Mr John Steele, recruited from IBM, and Mr Barry Rosen, the finance director brought in from the conglomerate BTR, have played a fundamental role in pushing for change.

It is to his credit that he is able to trust people with very different characters from his own. A leading advocate of change has been Mr Bruce Bond, the regional telephone operator in the US.

Mr Bond last year had an explosive impact on the normally strait-laced chairman's conference for the top 200 managers, taking the microphone from the podium and walking the stage in the manner of a television evangelist. By the end most were rolling in the aisles with laughter. "He has been a breath of fresh air,"

says Mr Vallance. In contrast, Mr Vallance is very private, for a man in one of the most politically exposed jobs in British industry. He admits he is not as public as he should be.

He does not court publicity partly to protect his family and partly because he thinks over-exposure would affect his judgements about the business.

However, he says he has no difficulties in dealing with the politics which is wrapped into BT's affairs. He says: "This job is all politics really, dealing with the regulators, customers, suppliers, partners as well as the politicians and the regulators."

But the company will have to be substantially depoliticised if it is to become more competitive. "We have to deal with real customers more rather than their surrogates the regulator and the politicians who determined the shape of the market," he says.

The reorganisation will split BT into two very different types of businesses, one concentrating on marketing and customer services, the other on engineering.

Yet Mr Vallance neither has the skills of an engineer nor the flair of a marketer. The jobs he most enjoyed doing before joining the board were in finance and procurement.

For all his quiet determination, rigorous planning and analytical clarity, there are doubts about whether he is capable of inspiring the ambition, enthusiasm and imagination needed to turn BT into a dynamic international company.

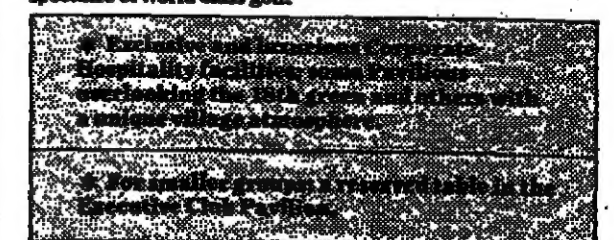
Unsurprisingly perhaps his approach to his own future is as coolly disciplined as everything else. He does not envisage remaining in the job for another 15 years. He says: "I tend to divide my life into seven-year periods, the ages of man I suppose. So I will think about what I am going to do next in 1994."

It is easy to suspect a week has already been nearly pencilled into the 1994 diary to allow him to do it.



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The Red Army was put to the test in Red Square this week, and came out with flying colours. Not a foot nor a word was out of place, as the Soviet military establishment sought to impress both their loyalty and efficiency on a sceptical audience. The walls of the Kremlin rang to their cheers, and President Mikhail Gorbachev beamed.

Yet behind the very precision of that military display lies a huge institution in crisis: the Red Army, and its sister services, is going through an unprecedented period of self-doubt and confusion, suffering deep problems of indiscipline and falling morale.

For the first time since Mr Gorbachev came to power, strong hints of military disaffection are appearing in public. Suddenly the relationship between the civilian authorities and the military establishment, once virtually two sides of one Communist Party coin, has become acutely sensitive, if not openly strained.

Does it mean that Mr Gorbachev, fighting off secessionist threats on one hand, and economic collapse on another, is now being undermined by his own armed forces? Is there a chance of a military coup?

There is no doubt that dissatisfaction, in a whole host of forms, has seeped through that iron-clad establishment. Yet it would be quite wrong to generalise, and somehow to see a monolithic institution gearing up to overthrow Mr Gorbachev, reverse reform, and save the Soviet Union from disintegration.

Indeed, the military reflects the turmoil in Soviet society at large. The same nationalist strains affecting the 15 republics of the Union are a key factor in the confusion in the ranks. The same division between conservatives and reformers — albeit with a greater bias towards the former — divides the officer corps. And the same economic squeeze that has hit the whole population is aggravating the military discontent.

The most immediate problems begin at the bottom — amongst the conscripts, new and old. Draft-dodging is still only a marginal problem, with up to 500,000 new recruits every six months, but the figure of 6,647 last year was already an eightfold increase over 1985. A claim that the call-up had been postponed by one month has subsequently been denied, but there is no doubt that some local centres have given up any attempt at enforcing conscription.

It is not only a question of new recruits. Morale among serving conscripts, never very

Divisions appear in Soviet ranks

Quentin Peel says the Red Army is in crisis, hit by falling morale and an economic squeeze



high, is lower than ever. The upsurge in nationalism has meant that recruits are gearing up in nationalist sub-groups, aggravating old problems of discipline and bullying. In the Baltic republics, for example, the dominant groups are not Russians, but Central Asians. And the Lithuanian deserters told shocking, but plausible, stories of constant and violent beatings of new recruits.

The racial mix of the military is also piling up problems for the future. In Red Square, it was striking that the vast majority on parade were Russians or Slavs. Yet last year's national intake included 37 per cent from Central Asia and the Trans-Caucasus — 10 percentage points more than in 1980. In the officer corps, only 1 one per cent came from those populous regions.

The overall picture in the ranks is one of profound alienation, with thousands of young men, earning an insulting pocket-money of about Rb7 a month, being used as virtual slave labour on construction projects, street-cleaning, and the like, without even a pretence of military purpose. Above them, there are a different set of grievances affecting the senior NCOs and junior officers. They have signed up

for life, but an increasing number is trying to quit. The temptations are largely economic. Most military privileges have gone. Living conditions, except outside the country, are frequently worse than for civilians. Wages compare unfavourably with the civilian sector, and where co-operatives, and local enterprise initiatives, have pushed up wage rates (much faster than productivity).

In 1989, 37 per cent of those applying to resign were under 25 years old, 43 per cent between 25 and 30. Moreover, according to the weekly Argumenti i Fakty, almost 77 per cent of the leavers were conscripts, and 90 per cent of them had good or excellent grades from military training schools. Most shocking, some 65 per cent were Communists.

"I believe these young officers want to stay in," one western military attaché said. "They want to turn the military into a very professional set of units. It is not a question of morale, so much as a straight comparison of career opportunities. Life looks better outside."

These are the ranks where demands for radical military reform is strongest — above all, for turning the conscript forces into volunteer, profes-

sional services. They are also the supporters of the radical soldiers' trade union, called Shield, which has lined up with pro-democracy demonstrators on the streets.

They are caught in the middle between the bloated top ranks (there are an estimated 11,000 generals alone) and the miserable conscripts, often being ordered to deliver the impossible: better housing, better discipline, and better morale.

Yet the generals themselves are scarcely better off. They have suffered in silence so far as Mr Gorbachev embarked on his sweeping reforms. They accepted the need for an overhaul, both of foreign policy, and the domestic economy. They could see that Soviet military technology was struggling ever more to keep up with the West. They could see that the arms race was self-defeating.

But they hardly predicted the outcome: the collapse of the Soviet military buffer zone of Eastern Europe, and the need for a total rethink of strategy based on their own home borders.

The retreat from eastern Europe has produced another paramount problem: the absence of adequate housing for the boys who have to come

back home. There are 35,000 officers due to come back from Hungary and Czechoslovakia, 30,000 of them with families. Nothing has been decided about East Germany or Poland, but there are 380,000 men in the former, 40,000 in the latter.

There is no way they can be accommodated quickly in the USSR. That has compounded the other huge social problem for the military command: how to ensure a civilised redundancy programme for the 500,000 troops being returned to civilians under Mr Gorbachev's unilateral cuts. Both housing, and jobs for redundant soldiers, simply add another massive burden to the crisis-struck economy.

The last, and potentially the most critical, area of military dissatisfaction comes from the political department — the Communist commissars who have been responsible, since the Revolution, for indoctrination and morale in the armed forces. Since the Communist Party abandoned its constitutional monopoly on power, their days must be numbered. Not only that, they are an easy scapegoat for professionals to blame for the plummeting morale. If anyone has good reason to try to co-ordinate a coup, it is they.

The lack of common cause and of cohesion, is one factor militating against a coherent military coup. It could still be done by a tightly-knit group of top commanders. However, they must realise that the situation they would inherit would be disastrous. Indeed a coup would probably aggravate the centrifugal forces putting such a strain on the empire. From Mr Gorbachev's point of view, one answer to one set of problems would be to give up conscription and follow the professional route. It would answer the nationalist strains, ensure a Russian-led and Russian-speaking united force, answer the discontent of the junior officers, and dispense with the chronic alienation of the ordinary ranks.

Marshall Sergei Akhromyev, the former chief of staff, believes it would be hopelessly expensive. Instead of Rb7 a month, soldiers would have to be paid a living wage. Better housing, and better equipment, would increase, not cut, the military budget. And Mr Gorbachev would lose the huge outlay for basic construction jobs. In a way, it all comes back to the chronic economic problem: he can't afford to keep spending on the bloated military establishment, and he can't afford the cash to reform it.

Anthony Thornecroft on jitters in the art market

Hope under the hammer

It is a sweaty palm time for Mr Christopher Burge of Christie's and his Sotheby's counterpart Mr John Marlow. Next week in New York they will mount the rostrums of their respective auction houses, gavel in the air, to take probably the most important art sales in their companies' histories.

After years of rising prices, culminating in a frenzied 1989 in which the turnover of Sotheby's increased more than 60 per cent to \$2.9bn and Christie's managed 71 per cent growth to \$1.83bn, there is a decided nip in the air. In theory the art world avoids any economic slowdown because works of art are an attractive and reliable hedge when money, shares and property look suspect. In practice, when the world's rich feel a bit poorer they lose their enthusiasm for buying paintings by Van Gogh and Renoir.

It so happens that on Thursday Sotheby's is offering Au Moulin de la Galette, the best painting by Renoir to appear on the market in decades, while Christie's on Tuesday is making available two important works by Van Gogh: a portrait of his doctor, Gachet, and a self-portrait. These paintings have been lured out by the exceptional prices paid for good Impressionists in the past two years, sparked off by the record \$53.5m for Van Gogh's *Irises* offered by Mr Alan Bond at Sotheby's in New York in November 1987.

Both Sotheby's and Christie's had this target in mind when fixing the forecasts on the Renoir and on the Gachet portrait, and they both settled on a top estimate of \$50m which, given the under-estimating by the salerooms, meant that they envisaged the pictures setting new records for art at auction. But the estimates were fixed at the turn of the year. Since then the Japanese stock market has fallen by a quarter, and the value of the yen against the dollar has taken a tumble. With the Japanese the main purchasing force in recent years, the prospects for next week in New York look cloudy.

This is particularly bad news for Sotheby's and Christie's. They have become very dependent on the success of the Impressionist and Modern picture markets, which now account for almost 40 per cent of their total sales. On Tuesday evening Mr Burge will be



attempting to coax in more than 10 per cent of Christie's 1989 turnover.

The omens are not good. This week there was a series of auctions of contemporary art in New York. Last November they were a staggering success, with a Japanese dealer, known as Mountain Tortoise, stimulating the market by paying \$20m for an abstract painting by the American William de Kooning. This week another de Kooning could only raise a bid of \$4.5m and went unsold. In all about 30 per cent of the auctions were "bought in." What was most noticeable was the lack of domestic buying.

To a great extent Sotheby's, and to a lesser degree Christie's, are victims of their propaganda that art is an investment. Sotheby's offered loans to new bidders to ease their way into becoming collectors. This produced record prices but, when it came to paying, the downturn in the world economy caused problems. Mr Alan Bond was the most notorious casualty, and in the end, to get his money for *Irises*, Sotheby's had to arrange the re-sale of the painting to the Getty Museum. Mountain Tortoise, too, has failed to find buyers in Japan for some of his most expensive purchases.

Sotheby's has now curbed some of its enthusiasm for loans to buyers but to secure pictures in competition with Christie's it has started to

offer guaranteed returns to sellers. The rapid expansion of this practice will make the New York sales particularly tense affairs. On Wednesday Sotheby's is offering the Malin collection of Modern art with a guarantee that has ensured the heirs to the estate at least \$50m. Vendors of many paintings in its main sale on Thursday have been guaranteed a price. If things go badly wrong Sotheby's could find itself with some very costly liabilities.

Earlier this month Sotheby's blurred the line further as to whether it is an auctioneer or a dealer in art by paying \$142.5m for the stock of the Pierre Matisse Gallery, the New York dealer. Christie's has been forced to bite the bullet and on Tuesday it is offering five important pictures, including the Van Gogh self-portrait, from the Lehman collection under a guarantee of about \$50m.

Over the next few days both auction houses will be asking sellers to accept lower reserves. The few undoubted masterpieces should sell: the 10 or so potential bidders for the Renoir or the Van Gogh are rich enough to take the long-term view. The Getty would like the Au Moulin; so might Mr Walter Annenberg, or Mr Stavros Niarchos. The slight recovery in the Tokyo Stock Exchange, and in the strength of the yen, should ensure that the Japanese dealers will be in the rooms.

But anything stale on the market and unexceptional is likely to be passed over. Buyers will be selective. For example there is reclusive Impressionist view of a garden by Manet at Christie's, carrying an estimate up to \$25m. A year ago it would have been a certain seller. But it lacks a figure to give it the human touch on such occasions falls the balance between triumph and disaster. Demand might be particularly weak on paintings estimated below \$5m.

At the end of the day Burge and Marlow will put on brave faces, and welcome a "readjustment", and the end of speculative frenzy. They will point out that the prices achieved represent a substantial rise on the levels of, say, three years ago. But however sensible their remarks, and however necessary the adjustment, the marketing of art as an investment will have received a timely jolt.

LETTERS

The difficulties of measuring the work of charities

From Mr Hugh Belshaw.
Sir, I speak for many people at Oxford who are saddened by the account of Mr Harris's letter, "Oxford inquest needs fresh blood," May 5, which attacks the charity which he once served as honorary treasurer.

For the record, Oxford supports the Charity Commission inquiry (the first of its kind) not the fourth as Mr Harris states) into its important campaigning work on behalf of poor people overseas and hopes it will clarify charity law in this area for the future benefit of all charities which campaign.

Mr Harris makes allegations about the amount of money which Oxford devotes to its Overseas Programme. To do so he has calculated the proportion of our funds devoted to the Overseas Programme in a way which was not reflected in the accounts when he used to sign them as honorary treasurer. Our accounts are produced

in accordance with the Statement of Recommended Practice (SORP) for charity accounts. Harris's letter is, of course, professionally audited.

We shall be informing the inquiry that 79 per cent of Oxford's income is allocated to our Overseas Programme. Only 4 per cent is used for a whole range of education, information and public awareness-raising activities to increase public understanding of the nature and causes of poverty and suffering.

Only a small part of that 4 per cent expenditure is related to the campaigns which are the subject of the inquiry. To complete the financial picture, for 1988-89, 14 per cent was spent on fund-raising and administration and 3 per cent on investment in shops and working capital.

Hugh Belshaw
Finance director,
Oxford,
274 Banbury Road,
Oxford OX2

From Mr Kevin Langford.
Sir, The activities of charities such as Oxford are clearly in the public domain, but publishing fair information about them is very difficult for three reasons.

First, statistics purporting to represent how efficiently charities use donors' money are likely to be misleading because there is no self-evidently reasonable way of defining a charity's income or of classifying its expenditure.

Mr Ansel Harris (Letters, May 5) quotes a "performance" figure that uses a wider definition of income and narrower definition of effective expenditure than the definitions underlying Oxford's own statistics (82 per cent of money given is spent on the Overseas Programme and education work).

Second, classifying Oxford's activities as to whether or not they are political is meaningless or unhelpful. Any attempt to relieve poverty in the developing world is of its nature as

"political" as any strategy for tackling domestic problems.

Third, the public which acts on the information (or potential donors) often does not have the time and sophistication to make the distinctions drawn above.

Charity activities must be subject to scrutiny so as to avoid administrative inefficiency and any tendency of staff of a given cultural background to realise an unthinking politically-coloured interpretation of their objectives. However, such scrutiny should not involve the irresponsible use of "performance" statistics or slogans, which can only prejudice charity activities by weakening donor support.

Kevin Langford,
29 Bruntswood Lane,
Barnfield, London SW17

The age of 'pingos'

From Mr John Garrett.

Sir, Hazel Duffy ("Bringing Civility to the Civil Service," May 9) states that the Government's programmes for setting up executive agencies could be a useful means of identifying and measuring the effectiveness of the Civil Service in meeting the needs of its customer.

However, civil servants are right to be suspicious of the scheme. The delegation of powers over staffing to agency heads paid on results is likely to lead to redundancies.

The main aim is still to cut costs, rather than improve the service. Departments organised as small policy units, supervising numerous executive subsidiaries, may also have more problems with co-ordination and control than they have anticipated.

It is ironic that having abolished so many quangos, the Government is now setting up scores of "pingos" (partly independent government organisations).

John Garrett,
Labour MP for Norwich South,
House of Commons,
London SW1

Role of a European Central Bank

From Mr David Flanagan.

Sir, The issue of monetary policy formulation and implementation by a new European Central Bank came under discussion recently in Professor James Meade's article ("Time is ripe for institutional change," May 10).

However, there is also the question of whether market intervention policy and commercial banking supervision would remain the responsibility of national central banks or rest with the European Central Bank.

The costs of nuclear power

From Mr L.G. Brooks.

Sir, Mr Colin Robinson's article, "Cleaning up the nuclear debate," May 9) is mytifying. If he is right in stating that nuclear power is such a bad boy that utilities should be restrained from investing in it even if they want to, how were the French, with 76 per cent of their electricity nuclear, able to sell us billions of units last year for only 2.16p a unit?

Are they subsidising it? If so what motivates them to make a gift of hard-won French wealth to perfidious Albion? And if he is right that privati-

sation has exposed untruths about nuclear costs and that Mr John Wakeham, the Energy Secretary, is wrong in that it is only the City's perception of the costs that has gone up not the costs themselves, why do so many utilities in other countries seem happy with their nuclear plants?

Is it that the UK nuclear industry alone has got it wrong? And have they got it so wrong that they must never be allowed to try to get it right?

Mr L.G. Brooks,
16 Ipswich Road,
Bournemouth

Double-edged card

From Mr John Mansfield.

Sir, Following the announcement of an 28 charge for all Barclays card holders, two important issues appear to have been glossed over.

Barclays does not issue a stand-alone guaranteed cheque card, but requires that the Barclays card serves as a dual purpose in this respect.

Will the bank's current account customers (who may have neither the need nor the desire for the credit facilities associated with the card) be expected therefore to pay the fee merely to secure the ability to withdraw their own money from the bank or issue cheques to third parties?

Similarly, does Barclays intend to pursue the precedent set by Lloyds in charging any other authorised users of their individual access accounts an additional fee?

In effect, this would entail Barclays' joint current account holders paying £16 for the privilege of a guaranteed cheque card.

John Mansfield,
28 Coppens Green,
Wickford,
Essex

**WHO HAS
MADE HOT NEWS IN
DICTATION**

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Yen firm as dollar weakens

THE JAPANESE yen was firm yesterday, gaining ground against the dollar and European currencies. Dealers said this was partly a catching up process for the yen, which had not reacted as quickly as currencies such as the Swiss franc and D-Mark to this week's dollar decline.

There was no obvious reason for the yen's advance, but after its recent soft tone the Japanese currency benefited more than most from yesterday's weaker than expected US economic data. US retail sales fell 0.6 per cent in April, the biggest fall since last October. Sales fell 0.5 per cent in March, but the market expected a rise of about 0.3 per cent last month. It was also noted that car sales were weak, declining by 2.7 per cent.

Wholesale price levels also suggested that US inflation is moderating. US producer prices fell 0.3 per cent in April, reflecting a sharp decline in food and energy costs - after a

fall of 0.2 per cent in March. This contrasted with a rise of 2.3 per cent in producer prices during the first quarter.

This news followed recent weak US employment data and moves earlier by the US Administration to reduce the budget deficit. Suggestions that the US Federal Reserve was likely to tighten its monetary stance now appear to be wide of the mark, and the latest events have renewed speculation that the next move in US interest rates will be down. Against this background the dollar fell to ¥158.85 from ¥158.45 at the London close. It also declined to DM1.6305 from DM1.6375; to FF5.5125 from FF5.5225; and to SF1.3860 from SF1.3855. According to the Bank of England the dollar index fell to 95.3 from 97.3. Apart from its gains against the dollar the yen also rallied strongly in terms of the Swiss franc and D-Mark. The Swiss franc fell to ¥109.40 from ¥113.45 and the D-Mark to

¥98.80 from ¥98.85.

Sterling's reaction was muted to slightly better than feared UK inflation figures. The April index showed retail prices rising at an annual rate of 3.4 per cent - against 8.1 per cent in March - the highest since May 1982, but with some forecasts above 10 per cent the market was generally relieved. The pound rose 1/4 cent to \$1.6616. It also climbed to SF2.2460 from SF2.2400 and to FF9.2700 from FF9.2575, but fell to ¥264.76 from ¥263.25 and to DM2.7425 from DM2.7450. On Bank of England figures sterling's index shed 0.1 to 87.1. The French franc was weak within the European Monetary System, on political uncertainty after the French government was forced to survive a censure motion in Parliament earlier this week. The Bank of Italy bought francs at the Milan fixing, as the lira remained around its upper divergence limit within the EMS.

£ IN NEW YORK

| May 11 | Latest | Previous |
|-----------|--------|----------|
| 1 month | 1.6616 | 1.6616 |
| 3 months | 1.6616 | 1.6616 |
| 6 months | 1.6616 | 1.6616 |
| 12 months | 1.6616 | 1.6616 |

STERLING INDEX

| May 11 | Latest | Previous |
|--------|--------|----------|
| 100 | 87.1 | 87.1 |
| 100 | 87.1 | 87.1 |
| 100 | 87.1 | 87.1 |
| 100 | 87.1 | 87.1 |
| 100 | 87.1 | 87.1 |

CURRENCY RATES

| May 11 | Rate | Bank | Market |
|--------|--------|--------|--------|
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |

CURRENCY MOVEMENTS

| May 11 | Bank | Market |
|--------|--------|--------|
| 100 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 |

OTHER CURRENCIES

| May 11 | Rate | Bank | Market |
|--------|--------|--------|--------|
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |

FORWARD RATES

| May 11 | Rate | Bank | Market |
|--------|--------|--------|--------|
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |

MONEY MARKETS

Longer rates ease

THE SHORTER end of the London money market was firm yesterday, but longer rates eased on news that the April rise in UK retail prices was towards the lower end of expectations. Inflation rose at a year-on-year rate of 3.4 per cent. This was below forecasts, but some inflation will continue to move up in the next few months kept the market defensive. Three-month sterling interbank was

UK clearing bank lending rate

15 per cent from October 8

quoted at 15-15 1/2 per cent against 15-15 1/4, while 12-month money eased to 15-15 1/4 per cent from 15-15 1/2.

Three-month sterling futures finished unchanged on Liffe, well below the day's peak. September delivery opened lower at 85.02, and rose to a peak of 85.19 on lower than feared UK inflation, before closing at 85.06. Trading was quite active.

The Bank of England initially forecast a day-to-day credit shortage of £450m, but revised this to £400m in the afternoon. Total help of £25m was provided. The authorities did not operate in the market before lunch. In the afternoon £21m bills were purchased, by

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

| May 11 | Rate | Bank | Market |
|--------|--------|--------|--------|
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |

POUND SPOT - FORWARD AGAINST THE POUND

| May 11 | Rate | Bank | Market |
|--------|--------|--------|--------|
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |

EMS EUROPEAN CURRENCY UNIT RATES

| May 11 | Rate | Bank | Market |
|--------|--------|--------|--------|
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |

EURO CURRENCY INTEREST RATES

| May 11 | Rate | Bank | Market |
|--------|--------|--------|--------|
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |

EXCHANGE CROSS RATES

| May 11 | Rate | Bank | Market |
|--------|--------|--------|--------|
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |

FT LONDON INTERBANK FIXING

| May 11 | Rate | Bank | Market |
|--------|--------|--------|--------|
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |

MONEY RATES

| May 11 | Rate | Bank | Market |
|--------|--------|--------|--------|
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |

LONDON MONEY RATES

| May 11 | Rate | Bank | Market |
|--------|--------|--------|--------|
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |

FT GUIDE TO WORLD CURRENCIES

Every Tuesday in the FT

FINANCIAL FUTURES AND OPTIONS

| May 11 | Rate | Bank | Market |
|--------|--------|--------|--------|
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |

LONDON (LIFED)

| May 11 | Rate | Bank | Market |
|--------|--------|--------|--------|
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |

CHICAGO

| May 11 | Rate | Bank | Market |
|--------|--------|--------|--------|
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |

U.S. TREASURY BILLS (90)

| May 11 | Rate | Bank | Market |
|--------|--------|--------|--------|
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |

U.S. TREASURY BILLS (180)

| May 11 | Rate | Bank | Market |
|--------|--------|--------|--------|
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |

U.S. TREASURY BILLS (270)

| May 11 | Rate | Bank | Market |
|--------|--------|--------|--------|
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |

U.S. TREASURY BILLS (360)

| May 11 | Rate | Bank | Market |
|--------|--------|--------|--------|
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |

U.S. TREASURY BILLS (540)

| May 11 | Rate | Bank | Market |
|--------|--------|--------|--------|
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |

U.S. TREASURY BILLS (720)

| May 11 | Rate | Bank | Market |
|--------|--------|--------|--------|
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |

U.S. TREASURY BILLS (900)

| May 11 | Rate | Bank | Market |
|--------|--------|--------|--------|
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |

U.S. TREASURY BILLS (1080)

| May 11 | Rate | Bank | Market |
|--------|--------|--------|--------|
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |

U.S. TREASURY BILLS (1260)

| May 11 | Rate | Bank | Market |
|--------|--------|--------|--------|
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |

U.S. TREASURY BILLS (1440)

| May 11 | Rate | Bank | Market |
|--------|--------|--------|--------|
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |
| 100 | 1.6616 | 1.6616 | 1.6616 |



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UNIT TRUST NOTES

Prices are in pence unless otherwise indicated and those designated 2 will be in dollars and cents. **Units** include allowance for all implied commission. **Prices** include administration charges. **Insurance** claim plans subject to explicit terms and conditions. **Income** is distributed free of UK taxes. **Particulars** include: **Insurance plans**, 1. Single premium insurance, a 10-year plan including all expenses except agent's commission, 2. 10-year plan, 3. 10-year plan, 4. 10-year plan, 5. 10-year plan, 6. 10-year plan, 7. 10-year plan, 8. 10-year plan, 9. 10-year plan, 10. 10-year plan, 11. 10-year plan, 12. 10-year plan, 13. 10-year plan, 14. 10-year plan, 15. 10-year plan, 16. 10-year plan, 17. 10-year plan, 18. 10-year plan, 19. 10-year plan, 20. 10-year plan, 21. 10-year plan, 22. 10-year plan, 23. 10-year plan, 24. 10-year plan, 25. 10-year plan, 26. 10-year plan, 27. 10-year plan, 28. 10-year plan, 29. 10-year plan, 30. 10-year plan, 31. 10-year plan, 32. 10-year plan, 33. 10-year plan, 34. 10-year plan, 35. 10-year plan, 36. 10-year plan, 37. 10-year plan, 38. 10-year plan, 39. 10-year plan, 40. 10-year plan, 41. 10-year plan, 42. 10-year plan, 43. 10-year plan, 44. 10-year plan, 45. 10-year plan, 46. 10-year plan, 47. 10-year plan, 48. 10-year plan, 49. 10-year plan, 50. 10-year plan, 51. 10-year plan, 52. 10-year plan, 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plan, 371. 10-year plan, 37

US MARKETS (20m)[illegible]

| | 1970 | 1971 |
|----------------------|-------|-------|
| United States | 1,070 | 1,155 |
| South Africa | 1,070 | 1,070 |
| Switzerland | 1,070 | 1,070 |
| Germany (FRG) | 1,070 | 1,070 |
| Sweden | 1,070 | 1,070 |
| Spain | 1,070 | 1,070 |
| Italy | 1,070 | 1,070 |
| Belgium | 1,070 | 1,070 |
| France | 1,070 | 1,070 |
| United Kingdom | 1,070 | 1,070 |
| Canada | 1,070 | 1,070 |
| Japan | 1,070 | 1,070 |
| South Korea | 1,070 | 1,070 |
| China | 1,070 | 1,070 |
| India | 1,070 | 1,070 |
| Indonesia | 1,070 | 1,070 |
| Malaysia | 1,070 | 1,070 |
| Philippines | 1,070 | 1,070 |
| Singapore | 1,070 | 1,070 |
| Taiwan | 1,070 | 1,070 |
| Thailand | 1,070 | 1,070 |
| United Arab Emirates | 1,070 | 1,070 |
| Qatar | 1,070 | 1,070 |
| Bahrain | 1,070 | 1,070 |
| Oman | 1,070 | 1,070 |
| Yemen | 1,070 | 1,070 |
| Saudi Arabia | 1,070 | 1,070 |
| Uganda | 1,070 | 1,070 |
| Rwanda | 1,070 | 1,070 |
| Burundi | 1,070 | 1,070 |
| Tanzania | 1,070 | 1,070 |
| Kenya | 1,070 | 1,070 |
| Malawi | 1,070 | 1,070 |
| Mozambique | 1,070 | 1,070 |
| Zambia | 1,070 | 1,070 |
| Botswana | 1,070 | 1,070 |
| Namibia | 1,070 | 1,070 |
| South West Africa | 1,070 | 1,070 |
| Angola | 1,070 | 1,070 |
| Cape Verde | 1,070 | 1,070 |
| Guinea | 1,070 | 1,070 |
| Sierra Leone | 1,070 | 1,070 |
| Liberia | 1,070 | 1,070 |
| Ivory Coast | 1,070 | 1,070 |
| Ghana | 1,070 | 1,070 |
| Togo | 1,070 | 1,070 |
| Benin | 1,070 | 1,070 |
| Niger | 1,070 | 1,070 |
| Chad | 1,070 | 1,070 |
| Sudan | 1,070 | 1,070 |
| Egypt | 1,070 | 1,070 |
| Syria | 1,070 | 1,070 |
| Lebanon | 1,070 | 1,070 |
| Jordan | 1,070 | 1,070 |
| Palestine | 1,070 | 1,070 |
| Israel | 1,070 | 1,070 |
| Cyprus | 1,070 | 1,070 |
| Turkey | 1,070 | 1,070 |
| Greece | 1,070 | 1,070 |
| Italy | 1,070 | 1,070 |
| France | 1,070 | 1,070 |
| Germany (FRG) | 1,070 | 1,070 |
| Switzerland | 1,070 | 1,070 |
| Spain | 1,070 | 1,070 |
| Portugal | 1,070 | 1,070 |
| Greece | 1,070 | 1,070 |
| Turkey | 1,070 | 1,070 |
| Cyprus | 1,070 | 1,070 |
| Israel | 1,070 | 1,070 |
| Palestine | 1,070 | 1,070 |
| Syria | 1,070 | 1,070 |
| Lebanon | 1,070 | 1,070 |
| Jordan | 1,070 | 1,070 |
| Yemen | 1,070 | 1,070 |
| Saudi Arabia | 1,070 | 1,070 |
| Qatar | 1,070 | 1,070 |
| Bahrain | 1,070 | 1,070 |
| Oman | 1,070 | 1,070 |
| Uganda | 1,070 | 1,070 |
| Rwanda | 1,070 | 1,070 |
| Burundi | 1,070 | 1,070 |
| Tanzania | 1,070 | 1,070 |
| Kenya | 1,070 | 1,070 |
| Malawi | 1,070 | 1,070 |
| Mozambique | 1,070 | 1,070 |
| Zambia | 1,070 | 1,070 |
| Botswana | 1,070 | 1,070 |
| Namibia | 1,070 | 1,070 |
| South West Africa | 1,070 | 1,070 |
| Angola | 1,070 | 1,070 |
| Cape Verde | 1,070 | 1,070 |
| Guinea | 1,070 | 1,070 |
| Sierra Leone | 1,070 | 1,070 |
| Liberia | 1,070 | 1,070 |
| Ivory Coast | 1,070 | 1,070 |
| Ghana | 1,070 | 1,070 |
| Togo | 1,070 | 1,070 |
| Benin | 1,070 | 1,070 |
| Niger | 1,070 | 1,070 |
| Chad | 1,070 | 1,070 |
| Sudan | 1,070 | 1,070 |
| Egypt | 1,070 | 1,070 |
| Syria | 1,070 | 1,070 |
| Lebanon | 1,070 | 1,070 |
| Jordan | 1,070 | 1,070 |
| Palestine | 1,070 | 1,070 |
| Israel | 1,070 | 1,070 |
| Cyprus | 1,070 | 1,070 |
| Turkey | 1,070 | 1,070 |
| Greece | 1,070 | 1,070 |

[illegible][illegible]

| | | |
|------------------|------|-------|
| Malayan United | 2.16 | -0.01 |
| Marine Petroleum | 1.28 | -0.01 |
| Malayan Pulp | 1.00 | -0.01 |
| State Dairy | 3.96 | -0.1 |

| SINGAPORE | | |
|------------------|-------|------------|
| Index | 11 | \$S + or - |
| Gold Storage | 4.30 | -0.04 |
| REIT | 12.10 | +0.1 |
| Bank & Finance | 1.00 | -0.01 |
| Sea Port Drys | 2.71 | -0.01 |
| Industial Kind | 2.60 | -0.1 |
| Regional Corp. | 10.30 | +1.2 |
| 005 | 2.04 | -0.01 |
| 3 Months Air Fre | 42.80 | -0.5 |
| Singapore Power | 7.85 | -0.03 |
| Steel Trading | 3.54 | -0.01 |
| Tel. & Cable | 3.58 | -0.01 |
| 006 | | |

NOTES - Prices on this page are as quoted by the individual companies and are best bid prices. All currencies, & quotations expressed in U.S. dollars, or in local currency, as indicated.

LONDON SHARE SERVICE

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BANKS, HP & LEASING

| 1990 | 1989 | 1988 | 1987 | 1986 | 1985 | 1984 | 1983 | 1982 | 1981 | 1980 | 1979 | 1978 | 1977 | 1976 | 1975 | 1974 | 1973 | 1972 | 1971 | 1970 | 1969 | 1968 | 1967 | 1966 | 1965 | 1964 | 1963 | 1962 | 1961 | 1960 | 1959 | 1958 | 1957 | 1956 | 1955 | 1954 | 1953 | 1952 | 1951 | 1950 | 1949 | 1948 | 1947 | 1946 | 1945 | 1944 | 1943 | 1942 | 1941 | 1940 | 1939 | 1938 | 1937 | 1936 | 1935 | 1934 | 1933 | 1932 | 1931 | 1930 | 1929 | 1928 | 1927 | 1926 | 1925 | 1924 | 1923 | 1922 | 1921 | 1920 | 1919 | 1918 | 1917 | 1916 | 1915 | 1914 | 1913 | 1912 | 1911 | 1910 | 1909 | 1908 | 1907 | 1906 | 1905 | 1904 | 1903 | 1902 | 1901 | 1900 | 1899 | 1898 | 1897 | 1896 | 1895 | 1894 | 1893 | 1892 | 1891 | 1890 | 1889 | 1888 | 1887 | 1886 | 1885 | 1884 | 1883 | 1882 | 1881 | 1880 | 1879 | 1878 | 1877 | 1876 | 1875 | 1874 | 1873 | 1872 | 1871 | 1870 | 1869 | 1868 | 1867 | 1866 | 1865 | 1864 | 1863 | 1862 | 1861 | 1860 | 1859 | 1858 | 1857 | 1856 | 1855 | 1854 | 1853 | 1852 | 1851 | 1850 | 1849 | 1848 | 1847 | 1846 | 1845 | 1844 | 1843 | 1842 | 1841 | 1840 | 1839 | 1838 | 1837 | 1836 | 1835 | 1834 | 1833 | 1832 | 1831 | 1830 | 1829 | 1828 | 1827 | 1826 | 1825 | 1824 | 1823 | 1822 | 1821 | 1820 | 1819 | 1818 | 1817 | 1816 | 1815 | 1814 | 1813 | 1812 | 1811 | 1810 | 1809 | 1808 | 1807 | 1806 | 1805 | 1804 | 1803 | 1802 | 1801 | 1800 | 1799 | 1798 | 1797 | 1796 | 1795 | 1794 | 1793 | 1792 | 1791 | 1790 | 1789 | 1788 | 1787 | 1786 | 1785 | 1784 | 1783 | 1782 | 1781 | 1780 | 1779 | 1778 | 1777 | 1776 | 1775 | 1774 | 1773 | 1772 | 1771 | 1770 | 1769 | 1768 | 1767 | 1766 | 1765 | 1764 | 1763 | 1762 | 1761 | 1760 | 1759 | 1758 | 1757 | 1756 | 1755 | 1754 | 1753 | 1752 | 1751 | 1750 | 1749 | 1748 | 1747 | 1746 | 1745 | 1744 | 1743 | 1742 | 1741 | 1740 | 1739 | 1738 | 1737 | 1736 | 1735 | 1734 | 1733 | 1732 | 1731 | 1730 | 1729 | 1728 | 1727 | 1726 | 1725 | 1724 | 1723 | 1722 | 1721 | 1720 | 1719 | 1718 | 1717 | 1716 | 1715 | 1714 | 1713 | 1712 | 1711 | 1710 | 1709 | 1708 | 1707 | 1706 | 1705 | 1704 | 1703 | 1702 | 1701 | 1700 | 1699 | 1698 | 1697 | 1696 | 1695 | 1694 | 1693 | 1692 | 1691 | 1690 | 1689 | 1688 | 1687 | 1686 | 1685 | 1684 | 1683 | 1682 | 1681 | 1680 | 1679 | 1678 | 1677 | 1676 | 1675 | 1674 | 1673 | 1672 | 1671 | 1670 | 1669 | 1668 | 1667 | 1666 | 1665 | 1664 | 1663 | 1662 | 1661 | 1660 | 1659 | 1658 | 1657 | 1656 | 1655 | 1654 | 1653 | 1652 | 1651 | 1650 | 1649 | 1648 | 1647 | 1646 | 1645 | 1644 | 1643 | 1642 | 1641 | 1640 | 1639 | 1638 | 1637 | 1636 | 1635 | 1634 | 1633 | 1632 | 1631 | 1630 | 1629 | 1628 | 1627 | 1626 | 1625 | 1624 | 1623 | 1622 | 1621 | 1620 | 1619 | 1618 | 1617 | 1616 | 1615 | 1614 | 1613 | 1612 | 1611 | 1610 | 1609 | 1608 | 1607 | 1606 | 1605 | 1604 | 1603 | 1602 | 1601 | 1600 | 1599 | 1598 | 1597 | 1596 | 1595 | 1594 | 1593 | 1592 | 1591 | 1590 | 1589 | 1588 | 1587 | 1586 | 1585 | 1584 | 1583 | 1582 | 1581 | 1580 | 1579 | 1578 | 1577 | 1576 | 1575 | 1574 | 1573 | 1572 | 1571 | 1570 | 1569 | 1568 | 1567 | 1566 | 1565 | 1564 | 1563 | 1562 | 1561 | 1560 | 1559 | 1558 | 1557 | 1556 | 1555 | 1554 | 1553 | 1552 | 1551 | 1550 | 1549 | 1548 | 1547 | 1546 | 1545 | 1544 | 1543 | 1542 | 1541 | 1540 | 1539 | 1538 | 1537 | 1536 | 1535 | 1534 | 1533 | 1532 | 1531 | 1530 | 1529 | 1528 | 1527 | 1526 | 1525 | 1524 | 1523 | 1522 | 1521 | 1520 | 1519 | 1518 | 1517 | 1516 | 1515 | 1514 | 1513 | 1512 | 1511 | 1510 | 1509 | 1508 | 1507 | 1506 | 1505 | 1504 | 1503 | 1502 | 1501 | 1500 | 1499 | 1498 | 1497 | 1496 | 1495 | 1494 | 1493 | 1492 | 1491 | 1490 | 1489 | 1488 | 1487 | 1486 | 1485 | 1484 | 1483 | 1482 | 1481 | 1480 | 1479 | 1478 | 1477 | 1476 | 1475 | 1474 | 1473 | 1472 | 1471 | 1470 | 1469 | 1468 | 1467 | 1466 | 1465 | 1464 | 1463 | 1462 | 1461 | 1460 | 1459 | 1458 | 1457 | 1456 | 1455 | 1454 | 1453 | 1452 | 1451 | 1450 | 1449 | 1448 | 1447 | 1446 | 1445 | 1444 | 1443 | 1442 | 1441 | 1440 | 1439 | 1438 | 1437 | 1436 | 1435 | 1434 | 1433 | 1432 | 1431 | 1430 | 1429 | 1428 | 1427 | 1426 | 1425 | 1424 | 1423 | 1422 | 1421 | 1420 | 1419 | 1418 | 1417 | 1416 | 1415 | 1414 | 1413 | 1412 | 1411 | 1410 | 1409 | 1408 | 1407 | 1406 | 1405 | 1404 | 1403 | 1402 | 1401 | 1400 | 1399 | 1398 | 1397 | 1396 | 1395 | 1394 | 1393 | 1392 | 1391 | 1390 | 1389 | 1388 | 1387 | 1386 | 1385 | 1384 | 1383 | 1382 | 1381 | 1380 | 1379 | 1378 | 1377 | 1376 | 1375 | 1374 | 1373 | 1372 | 1371 | 1370 | 1369 | 1368 | 1367 | 1366 | 1365 | 1364 | 1363 | 1362 | 1361 | 1360 | 1359 | 1358 | 1357 | 1356 | 1355 | 1354 | 1353 | 1352 | 1351 | 1350 | 1349 | 1348 | 1347 | 1346 | 1345 | 1344 | 1343 | 1342 | 1341 | 1340 | 1339 | 1338 | 1337 | 1336 | 1335 | 1334 | 1333 | 1332 | 1331 | 1330 | 1329 | 1328 | 1327 | 1326 | 1325 | 1324 | 1323 | 1322 | 1321 | 1320 | 1319 | 1318 | 1317 | 1316 | 1315 | 1314 | 1313 | 1312 | 1311 | 1310 | 1309 | 1308 | 1307 | 1306 | 1305 | 1304 | 1303 | 1302 | 1301 | 1300 | 1299 | 1298 | 1297 | 1296 | 1295 | 1294 | 1293 | 1292 | 1291 | 1290 | 1289 | 1288 | 1287 | 1286 | 1285 | 1284 | 1283 | 1282 | 1281 | 1280 | 1279 | 1278 | 1277 | 1276 | 1275 | 1274 | 1273 | 1272 | 1271 | 1270 | 1269 | 1268 | 1267 | 1266 | 1265 | 1264 | 1263 | 1262 | 1261 | 1260 | 1259 | 1258 | 1257 | 1256 | 1255 | 1254 | 1253 | 1252 | 1251 | 1250 | 1249 | 1248 | 1247 | 1246 | 1245 | 1244 | 1243 | 1242 | 1241 | 1240 | 1239 | 1238 | 1237 | 1236 | 1235 | 1234 | 1233 | 1232 | 1231 | 1230 | 1229 | 1228 | 1227 | 1226 | 1225 | 1224 | 1223 | 1222 | 1221 | 1220 | 1219 | 1218 | 1217 | 1216 | 1215 | 1214 | 1213 | 1212 | 1211 | 1210 | 1209 | 1208 | 1207 | 1206 | 1205 | 1204 | 1203 | 1202 | 1201 | 1200 | 1199 | 1198 | 1197 | 1196 | 1195 | 1194 | 1193 | 1192 | 1191 | 1190 | 1189 | 1188 | 1187 | 1186 | 1185 | 1184 | 1183 | 1182 | 1181 | 1180 | 1179 | 1178 | 1177 | 1176 | 1175 | 1174 | 1173 | 1172 | 1171 | 1170 | 1169 | 1168 | 1167 | 1166 | 1165 | 1164 | 1163 | 1162 | 1161 | 1160 | 1159 | 1158 | 1157 | 1156 | 1155 | 1154 | 1153 | 1152 | 1151 | 1150 | 1149 | 1148 | 1147 | 1146 | 1145 | 1144 | 1143 | 1142 | 1141 | 1140 | 1139 | 1138 | 1137 | 1136 | 1135 | 1134 | 1133 | 1132 | 1131 | 1130 | 1129 | 1128 | 1127 | 1126 | 1125 | 1124 | 1123 | 1122 | 1121 | 1120 | 1119 | 1118 | 1117 | 1116 | 1115 | 1114 | 1113 | 1112 | 1111 | 1110 | 1109 | 1108 | 1107 | 1106 | 1105 | 1104 | 1103 | 1102 | 1101 | 1100 | 1099 | 1098 | 1097 | 1096 | 1095 | 1094 | 1093 | 1092 | 1091 | 1090 | 1089 | 1088 | 1087 | 1086 | 1085 | 1084 | 1083 | 1082 | 1081 | 1080 | 1079 | 1078 | 1077 | 1076 | 1075 | 1074 | 1073 | 1072 | 1071 | 1070 | 1069 | 1068 | 1067 | 1066 | 1065 | 1064 | 1063 | 1062 | 1061 | 1060 | 1059 | 1058 | 1057 | 1056 | 1055 | 1054 | 1053 | 1052 | 1051 | 1050 | 1049 | 1048 | 1047 | 1046 | 1045 | 1044 | 1043 | 1042 | 1041 | 1040 | 1039 | 1038 | 1037 | 1036 | 1035 | 1034 | 1033 | 1032 | 1031 | 1030 | 1029 | 1028 | 1027 | 1026 | 1025 | 1024 | 1023 | 1022 | 1021 | 1020 | 1019 | 1018 | 1017 | 1016 | 1015 | 1014 | 1013 | 1012 | 1011 | 1010 | 1009 | 1008 | 1007 | 1006 | 1005 | 1004 | 1003 | 1002 | 1001 | 1000 | 999 | 998 | 997 | 996 | 995 | 994 | 993 | 992 | 991 | 990 | 989 | 988 | 987 | 986 | 985 | 984 | 983 | 982 | 981 | 980 | 979 | 978 | 977 | 976 | 975 | 974 | 973 | 972 | 971 | 970 | 969 | 968 | 967 | 966 | 965 | 964 | 963 | 962 | 961 | 960 | 959 | 958 | 957 | 956 | 955 | 954 | 953 | 952 | 951 | 950 | 949 | 948 | 947 | 946 | 945 | 944 | 943 | 942 | 941 | 940 | 939 | 938 | 937 | 936 | 935 | 934 | 933 | 932 | 931 | 930 | 929 | 928 | 927 | 926 | 925 | 924 | 923 | 922 | 921 | 920 | 919 | 918 | 917 | 916 | 915 | 914 | 913 | 912 | 911 | 910 | 909 | 908 | 907 | 906 | 905 | 904 | 903 | 902 | 901 | 900 | 899 | 898 | 897 | 896 | 895 | 894 | 893 | 892 | 891 | 890 | 889 | 888 | 887 | 886 | 885 | 884 | 883 | 882 | 881 | 880 | 879 | 878 | 877 | 876 | 875 | 874 | 873 | 872 | 871 | 870 | 869 | 868 | 867 | 866 | 865 | 864 | 863 | 862 | 861 | 860 | 859 | 858 | 857 | 856 | 855 | 854 | 853 | 852 | 851 | 850 | 849 | 848 | 847 | 846 | 845 | 844 | 843 | 842 | 841 | 840 | 839 | 838 | 837 | 836 | 835 | 834 | 833 | 832 | 831 | 830 | 829 | 828 | 827 | 826 | 825 | 824 | 823 | 822 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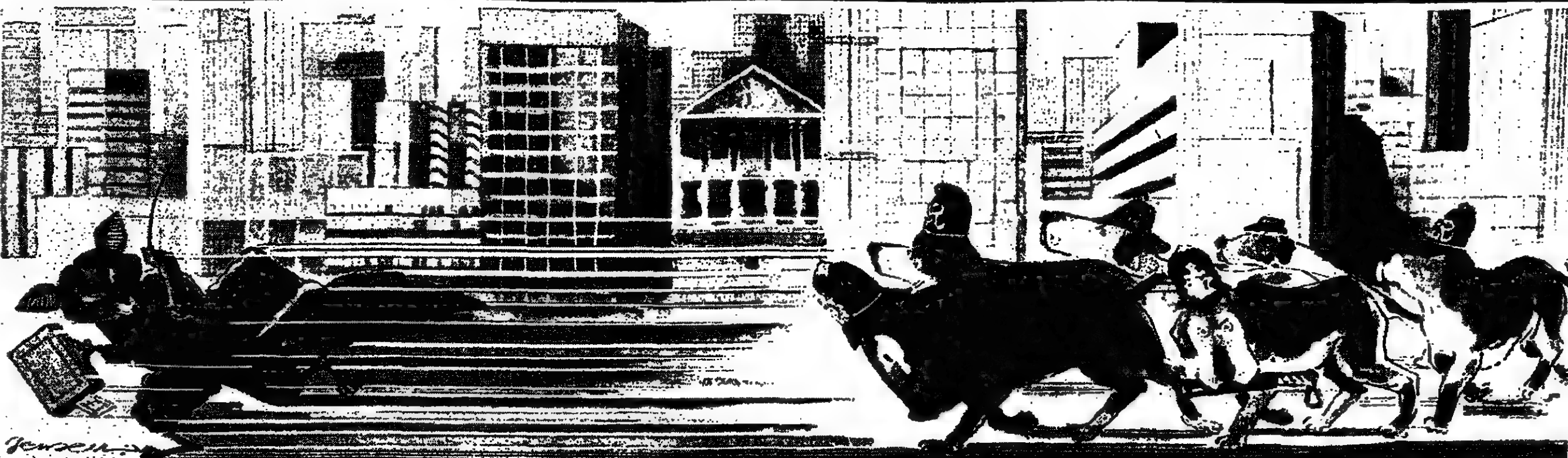
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Weekend FT

SECTION II

Weekend May 12/May 13, 1990



Fraud: a crime that pays

THE COLLAPSE of another fraud trial raises again the question of how serious or successful society is in catching the white-collar criminal. The case against eight defendants involved in the failed Savings and Investment Bank on the Isle of Man was halted on April 25. The bank went under in 1982, but the police were not called until October 1987, and the defendants successfully argued that the delay was too great for the trial to go ahead. A decision on whether those who lost their money will be compensated is due to be made next week. Asked what lesson should be drawn, the Fraud Squad detective in charge of the case, "he worked on it for 15 years" said ruefully: "It speaks for itself."

Fraud is a peculiar crime. The victim parts with his property willingly. The criminal not only steals his victim's money, he often takes possession of his wits as well. Honest citizens may lock and bolt their doors against the burglar and stick to the well-trodden path after dark. But they fail to respond to the alarm bells in their own heads - even though they are more likely to be robbed by a glossy brochure dropped through the letterbox than by a mugger in the street.

The credulity of the fraud victim sometimes beggars belief. He is outraged when the police are called, and may blame them, not the con-man, for his losses. Fear of ridicule is one of the biggest weapons in the fraudster's armoury, according to Rowan Rosworth-Davies, a former detective. "People show a touching faith in certain words like 'bank' and 'investment trust'. When they hear them, their brains go out the window."

In cases of robbery or murder, the crime is only too apparent, the criminal unknown. But in fraud the perpetrator is often known from the outset: the problem

is proving that he has committed a crime. "We very rarely have a whodunnit here," says Tony McStravick, chief superintendent at the Metropolitan Police fraud squad. Convictions are hard to secure. It can take months or years to amass the necessary evidence. The complexity of the evidence may baffle - and eventually bore - the jury. Even if he succeeds in keeping the jurors awake, the prosecutor has to satisfy them there was dishonest intent. The defence, meanwhile, has every reason to drag its feet and complicate the story as much as possible.

Fraud is unusual also because it comes very low down on the list of people's concerns about crime, even when the sums involved make bullion robberies look trifling. A survey of public attitudes in one inner London borough put fraud 18th in order of priority, below the sale of alcohol to minors and motor car theft (but above shoplifting, cannabis smoking and prostitution). Many people regard fraud as a victimless crime. Many companies act as if were not a crime at all they do not report it to the police, but make a regular budgetary adjustment for it. They treat it as just part of the cost of doing business.

For these and other reasons, say the experts, fraud is on the increase. Dr Michael Levi, Reader in Criminology at the University of Wales at Cardiff, who gave evidence to the Roskill Commission on fraud trials, says the amount of money at risk has gone up 150 times in the last 20 years. Official figures are not a reliable guide to the true extent of fraud. But recorded offences of fraud and forgery in England and Wales rose from just under 122,000 in 1983 to nearly 134,500 last year.

Since no-one really knows the size of the problem, it is difficult to tell whether the recent modest improvements in police manpower, resources and investigation techniques are adequate. What is certain

Why aren't the police better at collaring the white-collar criminal? asks Christian Tyler

is that fraud has a low priority within the police force, probably reflecting a lack of real concern by society. The fraud squad is seen by many thief catchers as a soft berth, as not really police work at all. Meanwhile the fraudster himself is nothing if not quick to exploit the apathy. Once upon a time, a jailbird sent down for armed robbery might have spent his sentence plotting another bank raid. Today he is just as likely to be mugging up on the intricacies of international banking. He calculates that his next haul will be much bigger and his next sentence - assuming he is caught at all - probably very much lighter. He has realised that technology is on his side. When money is represented neither by coin nor paper but by blips on a screen and electrical impulses down a line it is the work of a second to shift the booty out of the country. "It's a bloody right easier to rob a bank account than rob a bank," said one cheerfully cynical detective. "You don't need a shooter or a get-away car. With a decent suit and a bit of charm you can walk off with thousands. Or, instead of hijacking a whisky lorry you get it delivered to your door - on credit."

Professional fraudsters are usually good actors. They are often very likeable; it is their stock in trade. "Not all fraudsters are masterminds," said Supt. Ken Woodward of the Serious Fraud Office. "But often they have a certain kind of imagination and intellect." The fraudster is a man (very rarely a woman) who can persuade people who know nothing whatever about him to hand over thousands of pounds. He can hire an office for an hour and make it look as if he has been carrying on a business there for years. He is fond of children,

kind to animals and may be an ardent subscriber to charity.

Most white collar criminals are opportunists, insiders stealing money from their employer. Increasingly they are professional people, otherwise law-abiding, who are tempted by the ease of the crime. Some are honest businessmen led into deception in the hope of rescuing a failing business. Many these days operate across national frontiers: among those well-dressed foreign gentlemen to be seen sitting all afternoon in London hotel lobbies are "advance fee" merchants, who, for a fee, claim to put you in touch with multi-million dollar investors. At its most refined and dangerous, however, fraud has become part of a shifting, international network of conspirators with links to drugs, arms dealing and terrorism.

Helped by the communications revolution (the fax machine has been a boon to impostors seeking to establish a plausible identity) and the proliferation of investment vehicles, fraudsters are becoming more and more specialist. The police - and it is a matter of policy, not ignorance - are not.

Inside the Fraud Squad they know it takes a certain kind of policeman to make a good investigator. "Fraud is masses of paper," said one very experienced policeman. "It's not a crash-bang sort of job, leaping off roofs and all that. You have to be dogged in a different way."

But it is not the sort of police work that impresses the girls in the pub after work. It demands more than normal persistence and organisation. One detective said he

required two rolls of wallpaper, pasted sideways down the corridor, to log every event in one of his cases. There are long periods on a case when nothing much seems to happen. A case can occupy all the detective's waking hours, to the point of obsession. He cannot escape. On the other hand, he is free of the daily crime log and he has time to think. He may also get the chance to travel.

To specialise in fraud is no help to a policeman's career. Indeed, it is probably a hindrance. Today's policeman is supposed to be "omnicompetent." The result is that the experienced detectives who love the job are mostly to be found among the junior ranks. Top policemen - the managerial class - may know little about it. Alan Fry, Commander of the Metropolitan and City fraud squad, has never been a fraud detective.

Some of his juniors argue that it takes years to develop the necessary skills and contacts, and they may resent the appointment over them of outsiders for whom the fraud squad is just another step on the promotion ladder. But top men like Fry counter by saying fraud officers are needed out in the divisions, that they have to be kept in touch with the frontline work of the force and that they must be rotated to stop them becoming stale and narrow. They are suspicious of elitism and afraid of corruption taking root in any specialist squad.

"Fraud has a low status in the police culture," said Dr Levi, the Cardiff criminologist. "Senior police managers have failed to address the issue properly because they don't appreciate the importance of fraud in terms of cost to the community and the business. It is notable that almost no attention is given to fraud at all in the two main senior command courses at Bramshill Police College."

"Some of them are bloody good," said

Michael Harding, a partner of accountants Ernst & Young who advises firms on fraud prevention. "Some are not interested, so they are no good. The quality varies a lot and there is very little training."

The police training college at Hendon, in north London, is the size of a small university, with playing fields, running track, swimming pool and skidpan. This is where officers assigned to the fraud squad have already done their basic detective training. They return there for a four-week course in fraud work. They learn about Companies House, company law, the Official Receiver, accountancy, VAT, banking and insurance, the financial futures market, LIFFE, the regulatory agencies, computer fraud, the Export Credits Guarantee Department, land fraud, timeshare, and how to go about getting evidence abroad.

Small-scale frauds are dealt with by the regional police forces. More serious cases are referred up to the Metropolitan and City Police Company Fraud Department - C6, or the fraud squad. Although nominally one department, the squad is divided along geographical lines with the Met squad headquartered in Holborn and the City squad in Wood Street. Officers are ordinary detectives, seconded for about three years at a time: the tour of duty may be longer in the City where there is less ordinary police work to be done.

Although the Cinderella of the force, the fraud squad's manpower has been increased in recent years. There has been a move towards team rather than individual investigation, especially in the City squad, to allow officers to switch their attention to the hottest cases. But the most important innovation has been the creation, two years ago, of the Serious Fraud Office. Housed in an anonymous new block off Gray's Inn Road, the SFO is the result of one of the Roskill Commission's recommendations for making fraud trials more successful. It took over the Guinness case, which is now in mid-trial, and the other big City prosecutions which have captured the headlines. It has over 60 cases on its books and has handled 25

Continued on Page XIV

The Long View

Why inflation has its ups and downs

HARDLY EVER, outside wartime, can a government have done so much to push up the inflation rate in a single month as this administration has achieved in the April calculation of the General Index of Retail Prices.

You might think it contrasts very oddly with the opening of John Major's Budget speech in March, when he set out the Government's economic policy objectives: "The first is to bring inflation down again." But perhaps that aim should have been more explicitly stated: to reduce inflation just before the next General Election.

Inflation rates are comparatively easily manipulated by governments, but they have to take a two-year view. What goes down this year will go up next (and vice versa). The inflation rate is this year suffering, for instance, the backwash of Nigel Lawson's short-sighted attempt to hold prices down when he failed to valorise excise duties in his 1989 Budget. This year's excise duty rises have therefore added 0.5 per cent to inflation.

It works the other way around, too. The beer, tobacco and petrol duty non-valorisation trick is again available for next year. Poll tax provides a splendid, new opportunity, because the painful rise in inflation of 1 per cent which it has contributed is a prime candidate for massaging down in a year's time. It is easy to imagine that enough Central Government subsidies could be

handed out to local authorities next year to permit a decent reduction in the average community charge. The inflation impact could reasonably be 1 per cent.

There, we have knocked a per cent off 1991 inflation already, and we have not even got as far as the mortgage rate reductions which John Major, the Chancellor, was this week promising for next year. Recent mortgage rate rises have added about 1 point to inflation, which will anyway drop out over the next year if rates stay the same; if they fall, the aggregate impact could be 2 to 3 points over 18 months.

That is the path to sub-5 per cent inflation in the far future. But the big snag is that pay inflation is all the while responding to the surge in the RPI, and underlying inflation is therefore continuing to rise. After the election there could be a very expensive reckoning.

Recent history provides some spectacular examples of post-election price surges. In 1974 the Heath Government went into the poll with an inflation rate of 11.9 per cent, but under Labour that was through 15 per cent by April and hit 27 per cent the next year. In 1975 Callaghan campaigned with inflation at 9.9 per cent and, after the Tories won, factors such as the Clegg public sector pay awards led to 15 per cent by July and 22 per cent the next year.

Subsequently the Conservatives were successful in bringing inflation right down again,



A jump in the RPI can either be regarded as the effect of rises in prices or as a reflection of a fall in the value of money

on the face of it through tight fiscal and monetary policies. But the intensity of the squeeze imposed through the oil-induced rise in the sterling exchange rate in the early 1980s was surely unconditional. There was also a stroke of luck

in the rise in the workforce by 1m during the 1980s. The surge in labour supply served to moderate pay inflation and strengthen the bargaining power of management in the short-lived period of our productivity miracle. Conditions could be very different in the 1990s, when a less buoyant labour supply (and an actual fall in the availability of young people) will make it fundamentally more difficult to control inflation.

Does anybody care about this? At least in the 1970s industry and the City were worried about inflation. Those were the years of the debate about inflation accounting, which petered out inconclusively when inflation fell early in the 1980s. We badly need inflation accounting now, but it seems to have become a dead issue.

Some 15 years ago the Government successfully headed off inflation-adjusted accounts by sponsoring the Sandilands Report, a document which astonishingly proposed that inflation did not in itself exist but was only the product of innumerable individual price changes. That is essentially the Whittaker perspective: all the individual price rises are clearly the fault of other people. But if you regard inflation simply as representing a fall in the value of money, that would be the Government's responsibility.

Out of Sandilands came current cost accounting which required companies to follow

dozens of different specific price indices and in its original form did not apply to monetary items at all. It was preposterously unworkable. I was reminded of this the other weekend by an article by Ian Hay Devision, who once grappled with these issues as chairman of the Accounting Standards Committee. The accountants, he now realises, should never have got involved with all the current cost nonsense but should have stuck with the simple purchasing power adjustments they came up with in the first place but were persuaded by the politicians to abandon.

You might think that lessons would have been learned from all this, but the Government shows not the slightest concern about whether industry's accounts are becoming dangerous nonsense. Instead, it concentrates on trying to persuade prosperous companies to cut the real value of their workers' pay. This would be a more legitimate exercise if the emphasis were to be on a broader and more realistic (and currently lower) measure of inflation: who in Japan would ever think of including mortgage costs in the inflation rate?

But if the Government convinces people that inflation is not as high as they think, then next year, inconveniently, it will not go as low as they think. Oscar Wilde was not an expert in indices, but as he said, it takes a cynic to know the price of everything but the value of nothing.

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MARKETS

LONDON

Buyers return to the marketplace

GOOD NEWS is a strictly relative term for British equities. Last week Labour's capture of 300 council seats and 11 councils brought buyers back into the marketplace. Yesterday the messenger was the retail price index for April. Investors rushed out to embrace it, welcoming a year-on-year increase of 9.4 per cent, against 8.1 per cent in March. It was the highest inflation figure for eight years, but the FT-SE 100 index put on 18.9 points yesterday - encouraged by an unexpected drop in the US producer price index - to close at 2175.9, up 13.7 in a short week.

The recent political and economic indicators do not look like conventional good tidings for equities but this seems a market more frequently motivated by relief ("Thank God it wasn't worse") than reason. This is quite easily explained: think of a figure, circulate it widely; if the actual figure surpasses it, good news for equities, if it does not, disaster.

For many an economist the grisly spectre of a headline inflation figure in double figures had loomed, so yesterday's figure was at least a respite. Indeed they fell below the consensus forecast of 9.6 or 9.7 per cent, and the Treasury, which admitted inflation was "too high", blamed the poll tax for a percentage point of the 1.3 point rise.

But optimism nourished on these crumbs and excuses may prove to be as short-lived as last week's heatwave.

The Bank of England warned this week that inflation would be close to 10 per cent for several months, according to the Bank's May Quarterly Bulletin. It is likely to exceed the Government's forecast of 7.25 per cent for the last quarter of this year.

In one sense, these are self-fulfilling prophecies. Union negotiators are unlikely to settle for wage increases of less than 10 per cent in this economic climate.

For example, Imperial Chemical Industries, which so pleased the market with its first-quarter results last week, has the opportunity to undo that good work on Wednesday when it responds to its annual workers' demands for a 14 per cent pay settlement.

Last year, ICI's pay award of 9.6 per cent was widely criticised in Government. If the market believes ICI is heading for a flock of inflationary private sector wage demands this year, ministers may have to chastise it again.

There are grains of genuine good news around for the economy.

At the beginning of this week equities were still responding to the perceived good news of the pre-holiday period, and a lack of stock. But

FINANCE & THE FAMILY: THIS WEEK

A powerful boost to hard-pressed borrowers

With little prospect of a cut in interest rates for some time, mortgage lenders have been actively looking at other ways to help hard-pressed borrowers. This week the Cheltenham & Gloucester gave a powerful boost to one way of helping borrowers that may prove to be a permanent feature, rather than just a temporary expedient measure, writes John Edwards, Page 11.

Classic cars and tax

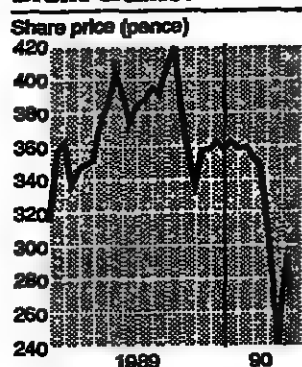
Classic cars have become all the rage as an "alternative investment" with some models now changing hands at millions of pounds. But what is the tax situation? Caroline Gernham finds out, Page 5.

An easier way in to trusts

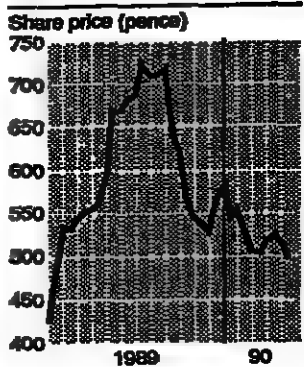
If you are interested in stock market investment these days, you are the object of a ceaseless barrage of propaganda. But how do you invest? Where do you find a friendly broker, and how much will he cost? asks Terry Dodsworth, Page 14.

BRIEFCASE: Tax relief on a low start loan - Page 5

Brent Walker



British Aerospace



Flurry of news reports sends British Aerospace lower

A flurry of different news reports surrounding British Aerospace, which this week held its annual meeting, sent the shares lower on the London stock market reversing recent gains. The shares were initially hurt by weekend press reports that the company had the time of its 1987 purchase of Royal Ordnance negotiated with the UK Government a near monopoly position for the supply of ammunition and explosives. The market feared that the company might become further embroiled in political problems, adding to the "sweeteners" row surrounding its purchase of Rover Group which also resurfaced this week. In addition, BAE shares along with those of other motor-related stocks were weakened by news of a Monopolies and Mergers Commission investigation into the supply of new cars and car parts. As one analyst put it: "These days trading in British Aerospace is simply news driven." Joel Kibazo

Higher profits at Brent Walker fail to lift share price

There was plenty of action in the Brent Walker leisure and property group this week on the London stock market following the announcement of virtually doubled profits. But despite the rise in profits and the personal efforts of George Walker, chairman and chief executive, the shares failed to move higher. The market had been concerned about Brent Walker's results since another big leisure group, Mecca, caused widespread dismay in the stock market by coming out with poor figures and revealing a heavy debt burden. Brent's pre-tax profit figure - £22.2m - was a good £10m above expectations and Brent's shares initially raced up in a knee-jerk reaction. But closer scrutiny of the figures by analysts saw this move reversed with the shares falling steeply later in the week only to bounce up again on Friday in line with the general market trend. Stephen Thompson

House prices steadier in north

House prices in the north of England are steadying after the frantic increases last year, according to a survey by the Northern Rock building society out this week. It showed that house prices in the northern region rose by only 1 per cent during the first quarter of this year compared with an increase 2.4 per cent in the last quarter of 1989. However first-time buyer homes, such as flats and terraced properties, remain a buoyant market. Many went up by between 20 and 30 per cent compared with a year ago and are continuing to rise. John Edwards

WTA in shares venture

Wiggins Teape Appleton, the pulp and paper group being demerged from BAT Industries, has joined the growing number of companies offering special facilities for buying and selling their own shares. Shareholders in BAT will be given shares in WTA when it is spun off, and will be able to sell these free of charge for a period after the listing of the new company. In addition, holders of small amounts of shares who want to increase their stake in WTA will be able to buy more shares through a company-owned facility, thus avoiding the expense of stock market dealing. Terry Dodsworth

Market-making further reduced

A further reduction in market making in UK shares occurred this week when FHP Market Makers of Birmingham ceased trading. The company, which made markets in 271 stocks, most of them in the West Midlands, said it was forced to close because of lack of orders. It is the 13th market maker to withdraw since Big Bang in 1986. Terry Dodsworth

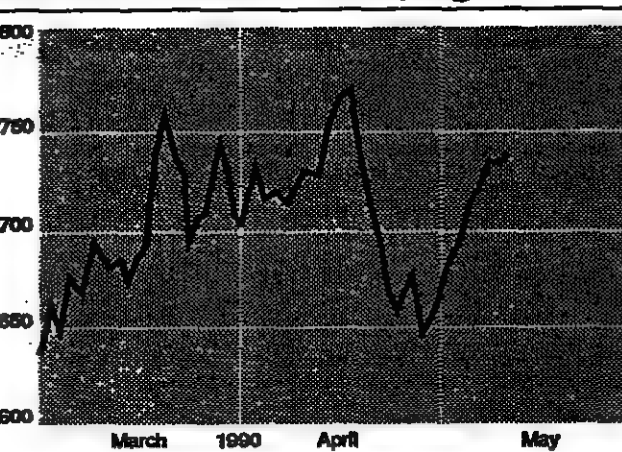
HIGHLIGHTS OF THE WEEK

| | Price | Change | 1989 | 1990 | |
|----------------------|---------|---------|--------|--------|---------------------------------------|
| | Today | on week | High | Low | |
| FT-SE 100 Index | 2175.9 | +15.7 | 2463.7 | 2105.4 | Better than expected inflation figure |
| Shell International | 855 | +80 | 1020 | 805 | Overstated interim profits |
| Bowater Inds. | 483 | +32 | 498 | 434 | Sale of builders' merchants |
| British Petroleum | 308 1/2 | -11 1/2 | 322 | 302 | Analysts downgrade after Q1 figures |
| Circulair | 25 | -8 | 57 | 23 | Profits warning |
| Pleuro | 344 | +20 | 382 | 316 | Early approved hopes for asthma drug |
| GKN | 360 | -35 | 484 | 360 | Profits warning |
| Harrisons & Crofield | 151 | -8 | 175 | 140 | Acquisitions and rights issues |
| Matthews (B.) | 70 | +12 | 70 | 55 | Strong profits outlook |
| Morley Docks | 202 | +48 | 202 | 133 | Shareholding speculation |
| Pitt-Rivers | 183 | -11 | 255 | 182 | Fears of increased competition |
| Seas | 498 | +35 | 508 | 361 | Speculation of Cap Gemini bid |
| SmithKline Beecham | 502 | +28 | 531 | 480 | First quarter figures |
| Spayhawk | 143 | +37 | 358 | 98 | Chairman's reassuring comments |
| Standard Chartered | 483 | -28 | 616 | 483 | Downgrades after AGM statement |

WALL STREET

Sunny spells amid the cloud

Dow Jones Industrial Averages



would rise by 0.3 per cent. The threat of inflation and, with it, higher interest rates, seemed to be receding even further. Bonds rallied, stocks rose in their wake, and some pundits even began to speculate about a cut in short-term rates.

But while the inflation bogeyman is on the retreat, two sets of statistics do not necessarily point to a new trend; other recent indicators have been giving mixed signals about the economy's performance. And though the latest statistics are good news for the bond markets, they are more equivocal for equities.

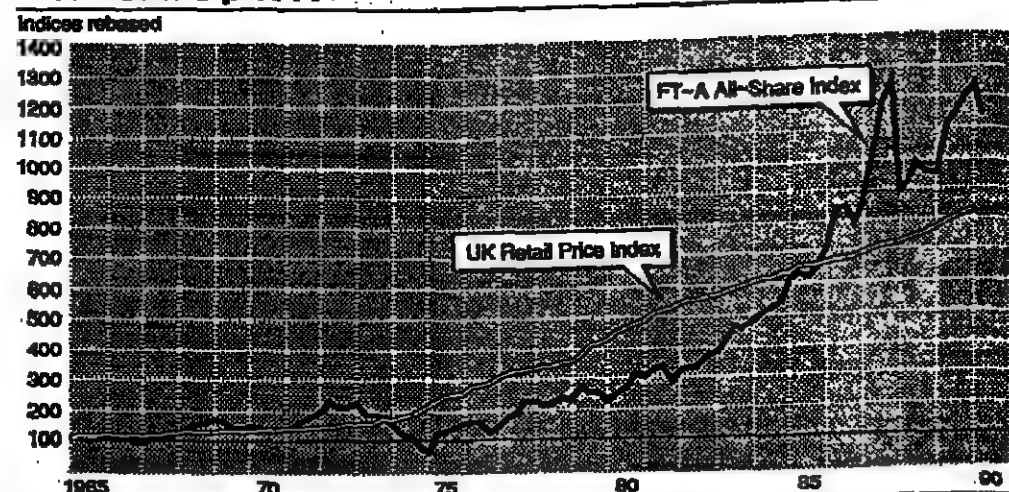
May is traditionally one of the worst months for stocks so, with bears claiming the market is overbought, an important test will be whether the Dow Jones Industrial

Average can sustain any rally that takes it to the top of this year's trading range, around 2,810.

The week has been another big one for corporate raiders, reinforcing the sharp change in national mood from the takeover fever of the 1980s.

Carl Icahn, one of the most successful of the last decade's raiders, mounted a big challenge on Monday to the management of USX, the group which includes US Steel, the nation's largest steel manufacturer, and Marathon, the oil company. Icahn, who holds over 13 per cent of the company's shares, has been fighting to get USX split into its component steel and energy parts, arguing that the two halves would have higher stock market ratings than the combined

'Real' share prices



Footsie also owed Tuesday's rise of nearly 20 points to the announcement that retail sales turned down in March and consumer credit growth seemed stagnant.

Tuesday's low-volume rally became a retreat on Wednesday, when Footsie slipped back nearly 20 points as part of a nervous prelude to the inflation figures.

The following day GKN unleashed a kick at the crutches supporting industrial stocks, by issuing a profits warning for the year.

The Footsie-linked automotive and engineering group was joined by T&N, the vehicle components and materials group, which warned it was entering a period of "belt tightening".

GKN's chairman David Lees is concerned about the slowing demand in most of the group's markets, interest rates and industrial relations problems at large customers' plants.

Conditions, it seems, have deteriorated somewhat since the group announced a 21 per cent rise in pre-tax profits in March, but the need for another warning to add to Mr Lees's gloomy two-month-old prognosis still worried the market. GKN's shares, down 8 per cent on Thursday, ended the week down 18p at 380p.

A similarly depressing trend could be discerned in Trafalgar House's interim results on Wednesday. Sir Nigel Broadhead, Trafalgar's chairman, warned of a "small dip"

in property profits in December, when announcing an 18 per cent increase in annual profits.

This prediction came true more quickly than the group had expected, so that although it was able to announce an increase in profits, the dominant property and investment division saw operating profits slip 19 per cent.

Although its principal retailing and housebuilding interests have been blighted by the Government's economic policy, Sears still managed to disport the City with its annual results on Thursday.

Profits fell from £273m to £231m before tax in the year to the end of January, or to £195m (£247m) on ordinary activities.

Sears's shares slipped from a peak of 135p since last August, and there isn't much further to fall: they ended the week down just 1p at 89p.

Surprises of that order - ordinary activities to make at least £20m more - do not put the equity market in a good mood.

This week, caution was somewhat offset by more solid reports from the likes of BOC Group (first-half profits up 12 per cent on Thursday) and Unilever (first-quarter figures of £268m before tax, up 6 per cent).

Outside the results treadmill, Harrisons & Crofield bucked the trend with a £14m rights issue on Thursday, funding the £13m

purchase of Bowater's Crossley buildings' merchants. That is not a sector which would be on the top of most investors' buy-lists but H&C, which owns the Harrods chain of department stores, argues that it can only improve. ECC (the former English China Clay) is also on a spending trail. It accompanied an announcement of reduced first-half profits with the £60m cash acquisition of a group of North American industrial minerals companies.

Equities analysts diverge on what the next trading account, which opens on Monday, will hold for the market.

For some, this is the season of annual general meetings, an opportunity for company chairmen to warn their shareholders (as Mr Lees did this week) about the gritty reality which has crept into their sector since the optimism of the preliminary announcement. That would prompt downgrading of forecasts by sector experts, and gloom in the market.

For more optimistic observers, this is the trading account which will include the results of blue-chips like Grand Metropolitan and Marks and Spencer (both reporting next week). Perhaps they can be relied on to give nervous traders the confidence to brazen out the inflationary months ahead.

Andrew Hill

JUNIOR MARKETS

Skidding onto a new track

WHEN Spics first headed for a quotation, it promised to be one of the raciest stocks on the market. The wholesaler and distributor of motor parts was headed by Gordon Spics, a motor sports enthusiast, who won the British saloon car championship seven years running.

But in the past two years, it has hit the skids. It has made two profits warnings, it has plunged into loss, its finance and managing directors have resigned, it has been forced into a rescue, its rights issues and has had an injection of new management. In keeping with this tradition, the company yesterday announced the resignation of Mr Gordon Spics, chairman, and its finance director, along with projections of a loss after write-offs of between £2m and £7m this year.

Spics has now declared itself to be a shell - an almost empty company looking for the injection of new management. After selling its national distribution centre, six cash-and-carry centres and its head office, cutting staff from 400 to 25 and slashing its bank borrowings, it is now reduced to one cash and carry centre in Staines. Mr Richard Fenton, managing director, says that the company is negotiating with companies that might reverse its fate.

A reverse takeover is a relatively popular way for a private company to join the stock market. It gives the newcomer a ready-made shareholder list, generally lower flotation costs, and in some cases, access to a cash pile and useful tax losses.

It is the face of an ideal solution for a moribund company. Examples in the past year range from CCS Group, a building services group that reversed into Blue-nel, a hard-pressed Coventry bicycle company to Regal Hotel Group that reversed into Rivoli Cinema, which completed one bingo hall and a bundle of shares in Granada Group.

There are also a clutch of US Companies: American Business Systems, American Plastic Technologies and American Distributors, which were injected into selling US oil companies quoted on the USM.

Systems Connections may be the next to go down the reverse takeover route. Shares in the company, formerly known as Sonix Tape, were suspended in January at 9p each, valuing the company at £600,000. It is planning to return to the market later this month after a £1.7m reverse takeover of Formac, an information technology specialist.

An asset injection may also be on the cards at Petrogen Petroleum, a Colorado-based exploration company. Like so many US-based oil companies

quoted on the USM, its career has been a lackluster one. Its shares were suspended at 7.5p.

But shareholders would do well not to raise their hopes prematurely. Many proposed reverse takeovers eventually stall. Earlier this year, Caxton Lodge & Knight, the low-making product development company, abandoned plans to acquire FFC, a publishing and marketing company. Similarly, a reverse takeover of Blanchard, an interior designer by a property company was abandoned. Its shares have been suspended for the past year, while it pursues other acquisitions.

A variation on the theme of the reverse takeover is the arrival of new management with new ambitions. This was a frequent phenomenon during the height of the bull market, when almost every week the shares of some small, obscure company would go through the roof as a well-known entrepreneur bought a stake. The lofty share prices would allow the company to go on an acquisition spree and companies as large as WFP, the supermarket trolley company turned advertising group were built up in this way.

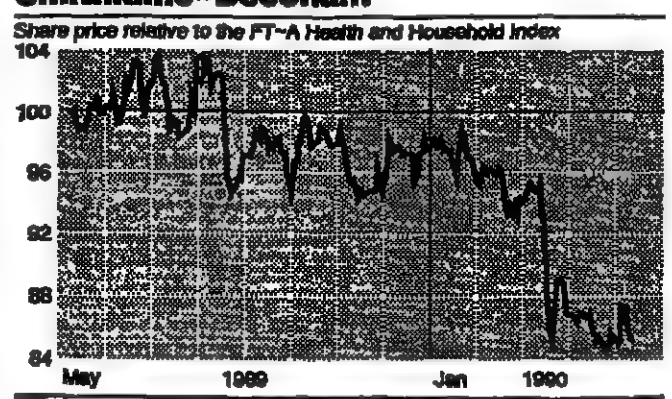
The critical euphoria that followed the acquisition vehicles of entrepreneurs is a thing of the past, but management buy-ins have not entirely fallen out of fashion. In the view of Mitchell Teager of Robert R. Sharp, there is still considerable interest in buy-ins. There are, he says, a lot of USM companies with over-stretched balance sheets that will need more funding. Moreover, the harsh economic climate is likely to throw up good opportunities. The advantage of the buy-in is that shareholders are unlikely to agree to refinance weak companies without a change of management. "Institutions are loath to throw good money after bad," he says.

One example of a successful buy-in is Ross Group. Formerly known as Ross Consumer Electronics, this loan-maker is being reshaped by a management buy-in team headed by Roger Smith, chairman of the BOC Group. Three months after joining, he quadrupled the size of the company by announcing a £8.5m rights issue and the acquisition of two construction machinery makers. The shares have risen from 45p just after he joined the company to 135p. However, the supply of creditable and ambitious entrepreneurs is insufficient to go round the companies that would benefit from their attention. "There are a huge pool of potential shills," says Mitchell Teager. "They will not all be revitalised."

Vanessa Houlder

Drugs group cuts its teeth

SmithKline-Beecham



from Clinical Labs were more than counterbalanced by a 40 per cent increase in operating profit and a 23 per cent increase in sales from the pharmaceuticals division.

As analysts reported to investors that the company's debt level would improve quickly through the year, the share price reversed direction.

At the low point on Wednesday, the shares had lost 12p and were trading at 466p. By the close of the session, the loss had been cut to 6p.

On Thursday, the shares jumped to 491p, registering the biggest gain of the day among FT-SE 100 stocks, and yesterday

the recovery continued with the shares closing at 502p, the highest level for more than a month.

The commentators' verdict supports the company's efforts to concentrate on the drugs side of the business.

In its first year of life, SmithKline Beecham disposed of its UK Yardley and Lenthic cosmetics businesses, a group of non-prescription medicines and toiletries products, its Marmita, Ambrosia and Bovril brands, its US and Canadian household products business, including Calgon dishwashing liquid, and the UHU adhesives operation.

With the exception of the food brands, the prices obtained for the businesses were less than those forecast by the company and researchers.

Disappointment with the proceeds from the sell-off was in part behind the decline in share prices from the peak of

FIRST-BORN, even of wealthy parentage, can have a hard time beating a path to maturity, as followers of SmithKline Beecham found out when the company revealed its first quarter figures on Wednesday.

When the company was born on July 26 1989, industry analysts predicted that the merger of SmithKline Beecham and Beecham would provoke a strong response from competitors.

They expected the far flung and fragmented family of drug companies to be transformed into a close knit group whose senior executives could fit around a dinner table.

There were indeed a couple of other re-organisations last summer, but the experience seems to have been cathartic. Last year in the US, Bristol-Myers and Squibb merged, as did Warner Lambert and A.H. Robins. Denmark's two largest pharmaceutical manufacturers, Novo and Nordisk Genetec also got together.

The industry has since seemed much more cautious about the process, watching

how the recent consolidations will work out, before considering any further moves.

SmithKline Beecham's inheritance, which includes several of the world's top selling drugs, is rich. But the costs of the reorganisation still weigh heavily on its prospects.

The interest charge for the quarter was \$56m. A year ago the figure was \$4m. If the results of the first quarter of 1989 are adjusted to make them comparable with the latest numbers, earnings grew by only a modest 18 per cent.

This compares unfavourably with the 18 to 19 per cent which analysts have come to expect from the high-flying drug industry. Such thoughts were behind the weakness of the company's shares immediately after the figures came out this week.

But as analysts dug deeper, they uncovered better news. Slightly poorer sales of consumer goods and revenues

FINANCE & THE FAMILY

John Edwards takes a look at the new interest-only scheme from C&G

Mortgage boost for borrowers

WITH little prospect of a cut in interest rates for some time, mortgage lenders have been looking at ways of making things easier for hard-pressed borrowers. This week, the Cheltenham & Gloucester came up with a scheme which gives powerful help to borrowers - and which may prove to be a permanent feature rather than a temporary measure.

The society has decided to scrap endowment and pension mortgages completely in favour of one simple interest-only mortgage with no strings attached regarding repayment. In future, said the society, it would be happy to have only the property as collateral to the mortgage, and it would not require the "back up" of a repayment vehicle such as an endowment policy. Borrowers would be free to choose their own method of repaying the loan, either through a savings/investment plan or simply from their own resources.

C&G has been offering interest-only mortgages for several years, but until now has charged an additional 1 per cent over its standard rate. Also it has aimed them primarily at older people.

Now, however, it has decided to extend them to all age groups, and to rethink its approach to its core business of selling mortgages. It will still offer straight repayment mortgages, where the borrower repays both capital and interest over a specified period, but otherwise borrowers could have interest-only loans with no strings attached.

To launch the new approach, C&G is introducing a 1 per cent discount for the first 12 months on mortgages of up to 80 per cent of the property's value, reducing the rate to 14.4 per cent.

The move was described as bringing a breath of fresh air into the mortgage market.

From the borrower's point of view, the big attraction of the interest-only mortgage is that it is another way of bringing down monthly payments as a result of not having to pay into a linked savings plan. C&G estimates that homebuyers can save up to £100 a month on the average £50,000 mortgage.

It should also mean a good deal more flexibility. Borrowers will have complete freedom of choice as to whether they take out some form of investment or savings plan to repay the mortgage, but if they do take out a separate repayment plan, it will not have to run concurrently with the mortgage period.

Borrowers may decide to pay only the interest on the loan, and at some point in the future repay it from a lump sum, accumulated savings or an inheritance. Alternatively one could choose to hold repayment of the mortgage until the house is resold, and then simply start again.

The choice is up to the borrower: all the lender has to worry about is that the value of the property is sufficient to cover the loan. This will affect the percentage that can be lent, and means that 100 per cent interest-only mortgages are unlikely.

C&G is not the first lender to offer interest-only loans, secured only on the property. Indeed, many lenders say interest-only loans nowadays represent the bulk of business. But C&G is the first to switch its core business to this new basis, marking a reversal of the trend in recent years in which straight repayment mortgages have been ousted in favour of mortgages with a repayment vehicle attached.

Lenders have argued it was prudent - and sensible - to make provision for repaying the mortgage so that borrowers would not be faced with being

forced to sell their houses when the loan matured. That argument, coloured by the fact that many of the lenders received big commissions on the sale of endowment and pension policies, was very effective while interest rates were reasonably low and the cost of endowment mortgages was competitive with repayment mortgages. However, the rise in interest rates has brought about a change in attitude that could be the beginning of the end for the endow-

ment mortgage. repayments represented interest rather than capital. Nevertheless the Halifax said there was a trend towards more sophisticated products, like PEP (personal equity plan) mortgages, which were still confined to a minority.

Ian Darby, marketing director of mortgage specialists John Charcol, said interest-only loans were very common these days. Pension and PEP mortgages were essentially interest only, since the lender was not legally permitted to

might favour interest only mortgages, but there was a danger that those with fewer resources might leave it too late to start building up funds to repay the loan. They would then face losing their houses.

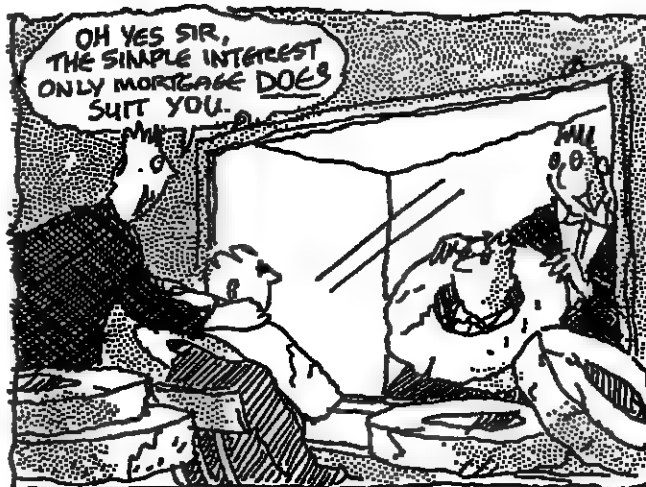
Meanwhile, John Charcol has introduced a new mortgage with an interest rate of 14.25 per cent, capped for a year ending June 30 next year.

Darby said the demand for long-term fixed rate mortgages was almost non-existent, since borrowers did not want to be locked into long-term finance which might prove unattractive if interest rates were to fall next year, as predicted.

Abbey Life is now offering secured personal loans as an alternative to remortgages being taken out to raise reasonably small amounts of additional capital, possibly to pay for home extensions or school fees. The idea is to raise between £3,000 and £15,000, repayable over three to 10 years by loans secured on one's property, without having to pay legal fees or surveyor's costs as happens with remortgages.

The company says its clients will receive preferential interest rates from Lloyds Bank, another member of the same group, but these are still considerably higher than the longer-term mortgage rates. One pays 20.5 annual percentage rate (APR) on loans up to £7,500, and 18.7 APR on loans over £7,500.

However, there are no extra costs, and free life cover is normally included. The two main conditions are that one can borrow only up to 90 per cent of the value of one's property, after taking into account any outstanding first mortgage, and that monthly repayments of the loan do not exceed one's net monthly salary, less first mortgage repayments and living expenses.



ment mortgage. If other big lenders follow the C&G lead, Halifax Building Society, the biggest mortgage lender, said it had been researching the pros and cons of interest-only loans for some time. It was an option under consideration, but it had taken no definite decision yet.

It pointed out that low cost endowment mortgages might be suitable where life cover was required. It also noted that straight repayment mortgages were very similar to interest only loans in the early stages when virtually all the monthly

assign them for repayment of the loan. In many cases, too, lenders did not assign endowment policies either.

At the same time a large number of lenders channelled funds out via intermediaries, who were then at liberty to sell the borrowers a range of investment products that could be used to repay the loan.

It all depended, he said, on the individual circumstances of the borrower. Those intending to sell the property soon, or expecting some kind of lump sum payment in the future,

| OFFSHORE DEPOSIT ACCOUNTS | | | | |
|---------------------------|-------------------------|---------------|--------------------------|-------------------|
| Company | Name of Account | Quoted Rate % | Withdrawal notice months | Minimum deposit £ |
| Leeds Permanent | Overseas Gold Bond | 18.00 | 1yr | 10,000 |
| Alliance & Leicester | Manximum 90 Day | 15.75 | 3 | 50,000 |
| Leeds Permanent | Overseas Gold | 15.75 | 3 | 100,000 |
| Nationwide Anglia | Independence 3 Month | 15.75 | 3 | 50,000 |
| N & P (Douglas) | Independence Reserve | 15.55 | 3 | 50,000 |
| Co-op Bank (Guernsey) | Investment 90 | 15.20 | 3 | 50,000 |
| Nationwide Westminster | Crown Reserve | 14.75 | 3 | 25,000 |
| Britannia (IOA) | Manx Twelve | 15.55 | 2 | 25,000 |
| Alliance & Leicester | Manximum 90 Day | 15.50 | 3 | 25,000 |
| Leeds Perm. Overseas | Overseas Gold | 15.50 | 3 | 25,000 |
| Nationwide Anglia | Independence 3 Month | 15.50 | 3 | 25,000 |
| N & P (Douglas) | Independence Reserve | 15.35 | 3 | 25,000 |
| Nationwide Westminster | Crown Reserve | 14.50 | 3 | 10,000 |
| Midland Bank | Exchequer | 14.74 | 3 | 10,000 |
| Nationwide Anglia | Independence Instant | 14.25 | 3 | 50,000 |
| Cater Allen (Jersey) | Consort Account | 14.25 | 1 | 5,000 |
| Nationwide Westminster | Crown Reserve | 14.25 | 3 | 2,000 |
| Leeds Permanent | Overseas Gold Income | 14.75 | 3 | 25,000 |
| Alliance & Leicester | Manximum Instant Access | 15.00 | 1 | 25,000 |
| Brad & Bingley (Douglas) | Independence Account | 15.00 | 3 | 5,000 |
| Nationwide Anglia | Independence 3 Month | 15.00 | 3 | 10,000 |
| Nationwide Anglia | Independence Instant | 15.00 | 3 | 20,000 |
| Yorkshire (Guernsey) | Offshore Key | 15.00 | 3 | 15,000 |
| Nationwide Anglia | Independence Monthly | 14.50 | 3 | 20,000 |
| N & P (Douglas) | Independence Reserve | 14.55 | 3 | 10,000 |
| Tyndall Bank Int. | Demand Account | 13.87 | 1 | 2,500 |
| Tyndall Bank Int. | High Int. Money Account | 13.75 | 1w | 1,000 |
| N & P (Douglas) | Independence Reserve | 14.40 | 3 | 5,000 |
| Cater Allen (Jersey) | Manx Twelve | 14.15 | 2 | 1,000 |
| Robert Fleming (Jersey) | High Int. Cheque | 13.25 | 1 | 1,000 |
| Nationwide Anglia | Manx High Int. Bank | 13.25 | 1 | 2,500 |
| Nationwide Anglia | Independence Instant | 13.75 | 3 | 5,000 |

Offshore tax perks

A new guide to the best buys in offshore building society and bank accounts was launched this week by Money Guides, the Bury St Edmunds company that publishes the Building Society Choice and Good Savings Guide. It monitors the growing number of accounts in the Channel Islands, Isle of Man and Gibraltar that pay tax-free interest and therefore has appeal to non-taxpayers in Britain who are faced with paying non-reclaimable composite rate tax until it is scrapped on April 5 1991.

The introduction of independent taxation for married couples has created a new body of non-taxpayers eager to use their personal allowances with funds transferred to them by their spouses. However, there are pitfalls in investing in offshore accounts.

They are not tax free. You have to declare the interest you receive when it is credited to your account. If you put in the money, the interest may exceed your personal allowance and be liable to tax at the higher rate of 25 per cent than the 22 per cent composite rate tax. Therefore, if you are a standard rate taxpayer you pay more tax on offshore deposits.

This means you won't benefit from some of the high rates which are conditional on a large minimum investment that results in the interest earned automatically exceeding the personal allowance. There is also a potential problem with obtaining money offshore if the investor dies and the account is not held in joint names. And, finally, there is the risk fac-

tor, although this should be minimal with the branches of large reputable UK-based banks and building societies involved.

Meanwhile onshore, Yorkshire Building Society has launched a Gross 91 account that pays 16.05 per cent gross on balances of more than £10,000 and 14.5 on balances between £1,000 and £10,000. The first interest payment will be made on April 1991 after composite rate tax has been scrapped. But a special feature is that the society will offer the option of bringing the interest date forward to March 31 next year if investors find they are unable to claim their interest on a gross basis, when the new taxation rules become known.

Under this arrangement, investors would receive 12.52 per cent net on sums over £10,000 - assuming interest rates stay at their current level - almost 0.5 per cent more than if they waited until after April 5 next year by taking advantage of the lower composite rate tax.

Lloyds Bank has launched another six-month fixed rate interest deposit which pays 12 per cent net on deposits between £5,000 and £250,000. For sums over £250,000 the interest will be paid gross at 15.4 per cent.

Alternatively if you want to lock in to the high interest rates for a longer period, Lloyds offers 12 month deposits and there are a range of guaranteed income bonds available for periods up to five years.

J.E.

IN BRIEF

Another European unit

■ FRAMINGTON is launching another European unit on Monday - the Continental Smaller Companies fund.

The group's European Fund has been in the top quartile in the last four years and Framington believes the time is ripe to seek extra growth from small companies in Europe, excluding the UK and Ireland.

Fund manager will be Mr Tristan Hillgarth, who has been with the group since 1984 - before the Throgmorton Trust takeover.

Units will cost 50p each during the fixed offer period from May 14 to June 1. Minimum investment is £500, but an investment of £5,000 will qualify for a bonus of 1 per cent, with extra units being 2 per cent for more than £50,000.

The initial charge is 5 per cent and annual management fee is 1.35 per cent of the value of the fund.

■ PROVIDENCE Capital has also launched a new European fund. The Emerging East

Europe Trust will initially invest in west European companies which will invest in east Europe.

When suitable assets become available, investment will also be directly made into eastern European companies.

The estimated initial gross yield is 1.5 per cent a year, but both income and accumulation units will be available. Minimum investment is £500.

The initial charge is 5 per cent and the annual management fee is 1.5 per cent.

■ THROGMORTON is sticking to the area it knows best with the launch of a Little Dragons Trust. Investment will be exclusively in the Far East region, excluding Japan.

It will complement the existing Throgmorton Tiger Trust, but will take more risks with emphasis on the newer emerging economies, known as the Little Dragons, and a greater exposure to smaller and unquoted companies.

It's a fund for widows and orphans, especially as it

will have to perform extra well to overcome a hefty annual management fee of 1.75 per cent. Initial charge, however, is 5 per cent and the minimum investment £500.

■ FOR investors with equally strong nerves, Hambros Fund Managers in Guernsey have launched a Japanese OTC (over the counter) Fund. It aims to take advantage of the recent growth in the Japanese OTC market, where the number of companies quoted has risen since 1987 from 160 to 263, and is expected to reach 400 this year and 1,000 by the end of the decade.

Hambros admits that like all OTC markets it is highly volatile, so the fund is aimed at sophisticated private investors and institutions taking a medium-to-long-term view. They will also have to stomach an annual management fee of 2 per cent and an initial charge of 5 per cent. Minimum investment is £5,000 and the opening share price is \$10 until the offer period closes on May 23.

Umbrella fund launched

MOST umbrella funds offer a range of international sub-funds managed from one central point. However, the Clerical Medical Investment group this week launched a big new umbrella fund that has 25 international sub-funds, all managed independently by local fund managers.

This, says CMI, will give investors the ability to tailor a worldwide portfolio of equities and bonds, using local skills, through one single investment. The 25 sub-funds break down into four main categories: 13 specialist equity, three equity index tracking funds (the London, New York and Tokyo stock markets), five bond and two currency sub-funds. The specialist equity funds are made up of single-country, or regional (such as Benelux and Far East Emerging Economies), and CMI suggest using the index (tracker) funds as the core of a portfolio together with a balance of the specialist and bond funds.

Investment advisers for the different funds are drawn from all over the world, with Clerical Medical Investment Management in London only responsible for two of the sub-funds.

Universe, as the umbrella fund is called, is planned to be a global product sold worldwide, but initially CMI is concentrating the launch to the UK and Europe. The fund complies with the European Community directive on UCITS and has applied for recognition by

the Securities and Investments Board so that it can be sold freely in Britain.

There are no initial (front load) charges on investments over £30,000. Below that there is a 2 per cent charge between £3,000 and the minimum investment in each sub-fund of £10,000, and a 1 per cent charge on investments between £10,000 and £30,000.

CMI says, however, that although there is commission for intermediaries individual clients, many agree separate introductory and portfolio management fees with their financial advisers.

Up to 12 switches between the sub-funds will be allowed free annually and after that \$30 per switch will be charged. Annual management fees vary from 0.5 to 1.25 per cent of the value of the fund.

TSB moves to offshore markets

THE TSB Group is moving into the UK expatriate and offshore markets. So far TSB has used its Jersey-based company primarily to provide offshore banking and fund management for UK residents.

Now, however, the group has decided to expand into expatriate markets, starting with Spain, and offering an invest-

ment package called Managed Capital Account consisting of nine different funds. A special feature is that it is linked directly with a special high interest cheque bank account.

The bank account will pay interest gross every quarter. Investors will be provided with a cheque book as well as a £100 cheque guarantee card that doubles as Visa debit card. Quarterly statements will show not only the balance in the cheque account, but also the value of any investments in the funds.

Geoff Gray, managing director of the TSB Unit Trusts & Offshore subsidiary company, said he believed this was the first time a banking and investment facility had been offered in the same package to expatriates. He felt there was an overwhelming need for security coupled with flexibility. The TSB brand name would provide reassurance for investors made nervous by the Barlow Clowes collapse, while the nine funds were aimed to provide income or capital growth with different levels of risk and could be split into three managed portfolios if required.

There are no extra charges for the banking service, and no charge for switching between the funds. The initial charge for the funds is 5 per cent and the annual management fee is 1 per cent of the value of the fund.

J.E.

Don't envy German growth, profit from it.

New Fund Launch

There is certainly a lot to admire. Booming stockmarkets (last year they traded more shares than London). Rising share prices (up 29% since the Wall came down in November). A growing economy (likely to grow over 3% this year, second only to Japan). The strongest European currency (and growing ever stronger). The list seems endless.

All this before you add the expected acceleration of the economy when East and West unite.

Now you can share in the German phenomenon by investing in the Baring German Growth Trust. A new unit trust designed to achieve maximum capital growth by investing principally in German equities.

Proven Baring expertise. Germany is a well explored market for Barings. With proven success: our European Growth Trust is Number 1 in the European sector over 5 years with a growth of 358.6%* (Micropool 73.90). And much of this success comes from investment in Germany.

Now is the time, Germany is the place. The German phenomenon is gathering momentum. You can profit from it with an investment of as little as £500 in the Baring German Growth Trust. But you should remember that the value of units and income from them can go down as well as up, and that past performance is no guarantee of future returns.

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FINANCE & THE FAMILY

Eric Short on an important part of investor-protection

A question of competence

AN IMPORTANT part of the Financial Services Act legislation aimed at improving protection for investors was to ensure that all people dealing in investments or advising on investments are competent to do so.

But although the Act has been in operation for over two years, only now is the Securities and Investments Board (SIB), the central regulatory organisation, starting to ensure this purpose is met.

There are two questions to be resolved: What is competence? and how can it be measured properly?

Last August, the SIB engaged Dr Oonagh McDonald, a former Labour Spokesman on Treasury and Economic Affairs and now a Senior Research Fellow at Warwick University, to study the competence aspects of authorisation.

The results of her findings were published this week and SIB has unreservedly accepted her recommendations, but following its usual practice of having prior consultations on the proposals.

Dr McDonald has a very complex definition of competence, being as she sees it a combination of:

- adequate recruitment procedures;
- adequate training;
- adequate supervision and;
- adequate incentive and disciplinary arrangements.

Much of her report and recommendations are self-evident. However, she found that while general training standards were good, they tended to be rather narrow.

Dr McDonald does not require an individual to have the necessary skills before being hired. Such an approach would severely limit the number of recruits into investment.

But she does require firms at the time of recruitment to be satisfied that the individual being hired appears capable of reaching the necessary level of competence and not allowing the individual to be involved in investments if he or she fails to meet the grade.

And what grade of competence is required? Here Dr McDonald has not attempted to lay down standards or benchmarks. This, she regards as a regulatory function.

Instead she sets out the basis for training, which she emphasises must not only be concerned with knowledge, but also with understanding of a particular investment product or strategy is being recommended.

Above all, she regards it as an essential requirement that it should not be assumed that an individual has required competence simply because he has attained a training course, but that it should be verified.

However, here her background comes to the fore, because she stops short of even indicating how the verification should be done in practice, other than there is public evidence of this verification.

The obvious solution is by some examination process independent of the individual's firm - a course that Fimbra (Financial Intermediaries, Managers and Brokers Regulatory Authority) is looking at and where the Life Insurance Association is not only advocating an examination system for its membership but is organising such a system.

In addition, she makes no attempt to follow up her recommendations of her broad principles of training with detailed instructions. She is leaving that for the various regulatory bodies to sort out.

She has accepted that the regulators are not starting

with a clean sheet of paper. Any system needs to be built on the structure already in place.

So Dr McDonald is prepared for such competence training to be carried out either in-house, or external or both, subject to the training courses and the verification system to be approved by the regulatory authorities.

But she also accepts that competence can be acquired through experience, so such competence testing and verification will not necessarily be required for existing practitioners.

She envisages such a competence system to be operative in three or four years time.

The major question over-hanging these proposals is will the public accept a competence test, whether in-house or external, with the words "Approved by SIB."

Or is some more formal competence testing needed, with both an examination requirement and a supervisory prohibition period before an individual can advise the public on investments?

Copies of Dr Oonagh McDonald's report "Training and Competence in the Financial Services Industry" is available from the Securities and Investments Board, 3 Royal Exchange Buildings, London EC3V 3NL, price £20. Copies of Consultative Paper No 40 is also available from SIB, price £5 to non-subscribers.



Dr Oonagh McDonald

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Terry Dodsworth reports on a user-friendly service

An easier way in to investment trusts

IF YOU ARE interested in stock market investment these days, it is the object of a ceaseless barrage of propaganda. But how to you invest? Where do you find a friendly broker, and how much will he cost?

There is little doubt that a great number of potential investors in equities lose interest because of their unfamiliarity with the City and their unwillingness to bear the costs attached to buying shares.

Philip Chappell, adviser to the Association of Investment Trust Companies (AITC), says that this message comes through loud and clear from a recent Association survey of investors' attitudes. "People want a service which is user-friendly," he said. "If we are going to build a base of shareholding in this country we have to make it easier for individuals."

This notion of easy and relatively cheap dealing lies behind a new service launched next week by the AITC jointly with Sharelink, the no-frills execution-only dealing service owned by British Telecom and Albert E Sharp, the Birmingham stock broker.

Under the name of Sharelink, the two partners are to offer a dedicated dealing service in investment trust shares. Sharelink will run the operation over special telephone lines for investment trusts only, and the AITC is pledged to support it with an advertising and promotional campaign funded partly by the commissions charged by Sharelink.

Prices are in line with Sharelink's normal rates, but with a minimum of £1.50 and a purchase and sales commission of 1.5 per cent, a little lower than the industry norm of between 1.65 per cent and 1.85 per cent. For investments over £2,500, however, the commission rate reverts closer to the Sharelink norm, it is 1.75 per cent, with additional amounts above £2,500, with a maximum of 2.50.

These concessions for investors involved in larger transactions, however, will only be given for purchases. If you are selling, the commission rate reverts closer to the Sharelink norm, it is 1.75 per cent, with additional amounts above £2,500, with a maximum of 2.50.

There is a choice of three portfolios - Capital, High Income or Balanced. An unusual feature, however, is that the managers will retain

the right to invest in unit trusts when investment trusts in particular areas look unattractive. In that case it will pass on a share of its commission in the form of a 1 per cent discount.

Otherwise there is an annual management charge of 1 per cent, plus dealing costs of 1.5 per cent on purchases and 1 per cent on sales.

John Edwards

know how they can buy investment trust shares. In the past there was no simple answer, and if you went to Sharelink, you would have been dealt with alongside all other investment queries. Now enquiries can be directed to Sharelink, and even if you are a new customer, your order can usually be processed in about 15 minutes, says Jones.

There the company will need details of your financial standing, but will take most of this on trust, although it reserves the right to refer to your bank. The system works with an "acceptable level" of bad debts.

Investment trust managers have to be satisfied that the scheme should be effective in bringing a genuinely new group of investors into the industry, many of them moving over from other equity investment, but some converting their holdings from cash savings.

Nicholas Frowe, a director of Fleming Trust Management,

The reason, says David Jones, Sharelink's chief executive, is that he wants to make "a broader strategic point" about the virtues of holding shares as well as developing a new profit stream for his company. "This is a signal that we are committed to the long-term development of the industry."

Why should potential new investors be attracted to Sharelink when its prices are not greatly different from Sharelink's normal services? The main advantage lies in its ease of use.

According to Chappell, the AITC is constantly receiving calls from people wanting to

believe it will appeal to individuals who want to be quoted an investment price on the spot, and to be able to deal instantaneously.

The service will affect the more sophisticated individual investor who knows what he wants to do, and wants to do it right away," he says.

Prowse concedes there will be some overlap with the savings schemes which have already been set up by many investment trust groups to provide an even cheaper way of buying their shares. Savings schemes are able to arrange these "bundling" orders - some received regularly and some on an irregular basis - and putting through large transactions once a week on which they receive a discount. Costs of these schemes vary but are normally cheaper than Sharelink's. For example, charges a 1 per cent commission, with a minimum of £1 and a maximum of £50.

The disadvantage of savings schemes is their inflexibility. Investors usually send in their orders by post and it may take a week before they are processed, by which time the share prices concerned may well have moved sharply.

Equally, the Sharelink service will not be for everyone. Sharelink operates on a transaction-only basis, with no research or advisory capacity. If you deal through it, you have to be prepared to make up your own mind about what you want to buy and sell, and what sort of prices to pay. No-one there will hold your hand.

Jones agrees, however, that there are plenty of investors prepared to work on this basis - provided the price is right.

He is already thinking of a similar initiative to the Sharelink service in the unit trust field, although not in partnership with the Unit Trust Association; and he believes that more can be done to stimulate unit price corporate share dealing schemes such as the one recently unveiled by British Aerospace.

Ultimately, his business may well depend on proving that there is this sort of market available. After all, there has been a steady, continuous investment by individual equity shareholders in the UK over the last 15 years, only partly offset by the Government's privatisation policy.

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RESULTS DUE

| Company | Announcement date | Dividend (£) | Last year (£) | This year (£) |
|--------------------------------|-------------------|--------------|---------------|---------------|
| FINAL DIVIDENDS | | | | |
| Addition Consulting | Tuesday | 0.5 | 0.5 | 0.5 |
| Allied-Lyons | Tuesday | 5.0 | 10.0 | 5.0 |
| Amalgamated | Tuesday | 2.0 | 4.0 | 2.0 |
| Amplify Wadward | Thursday | 5.0 | 2.5 | 2.5 |
| Bank of Ireland | Thursday | 0.7 | 0.7 | 0.7 |
| Barris Holdings | Wednesday | 0.7 | 0.7 | 0.7 |
| City of Oxford Investment Trst | Wednesday | 0.7 | 0.7 | 0.7 |
| East Surrey Water Co. | Wednesday | 2.5 | 2.5 | 2.5 |
| Eastern Production Holdings | Thursday | 0.75 | 1.00 | 0.75 |
| English & International Trst | Monday | 2.7 | 1.0 | 3.4 |
| Gieves Group | Wednesday | 4.75 | 2.0 | 2.0 |
| Govett American Endeavour Fnd. | Monday | 1.7 | 2.0 | 1.0 |
| London American Ventures Trst | Monday | 1.0 | 2.0 | 0.5 |
| Morris & Spencer | Monday | 0.5 | 2.0 | 1.1 |
| New Ireland Holdings | Thursday | 1.0 | 3.25 | 1.75 |
| Ocean Wilsons Holdings | Monday | 1.0 | 0.5 | 1.0 |
| P&P | Monday | 0.725 | 1.0 | 1.0 |
| Stratton Investment Trust | Monday | 1.0 | 1.25 | 1.0 |
| Value & Income Trust | Tuesday | 1.2 | 2.0 | 1.5 |
| Vest Holdings | Tuesday | 1.0 | 2.0 | 1.0 |
| Walker Greenbank | Monday | 1.0 | 1.25 | 1.0 |
| Warner Howard Group | Tuesday | 1.2 | 2.0 | 1.5 |
| Warford Investments | Wednesday | 2.25 | 2.0 | 2.0 |
| Whitbread & Co. | Thursday | 3.25 | 0.3 | 3.8 |

| Company | Announcement date | Dividend (£) | Last year (£) | This year (£) |
|--------------------------------|-------------------|--------------|---------------|---------------|
| INTERIM DIVIDENDS | | | | |
| Alexander Holdings | Tuesday | 0.57 | 1.0 | 1.0 |
| Apollon Metals | Wednesday | 0.57 | 2.0 | 2.0 |
| Avon Rubber | Wednesday | 5.0 | 11.5 | 11.5 |
| Baggeridge Brick | Wednesday | 0.75 | 1.0 | 1.0 |
| Commercial Union Assurance | Wednesday | 0.16 | 1.0 | 1.0 |
| Concentric | Tuesday | 2.81 | 0.5 | 0.5 |
| Diploma | Wednesday | 1.0 | 0.5 | 0.5 |
| Edinburgh & Glasgow Trst | Monday | 0.6 | 1.0 | 1.0 |
| ECG Group | Monday | 6.8 | 1.0 | 1.0 |
| Fleming High Income Inv Trst | Wednesday | 0.75 | 1.0 | 1.0 |
| Genl Invest | Wednesday | 0.48 | 2.0 | 2.0 |
| Greenall Whitley | Wednesday | 2.5 | 0.5 | 0.5 |
| Group Development Capital Trst | Monday | 3.0 | 4.5 | 4.5 |
| Holmes & Marston Group | Monday | 0.7 | 1.0 | 1.0 |
| Huntingdon International | Tuesday | 0.7 | 1.0 | 1.0 |
| Imperial Gold Storage Trst | Monday | 0.9 | 1.0 | 1.0 |
| Kurita | Monday | 0.5 | 1.0 | 1.0 |
| Mevo Radio Group | Tuesday | 1.35 | 2.5 | 2.5 |
| Middlesex Holdings | Thursday | 1.0 | 1.0 | 1.0 |
| Middlesex Leisure | Thursday | 1.0 | 1.0 | 1.0 |
| Moreau Holdings | Friday | 1.0 | 1.0 | 1.0 |
| Northern Industrial Improve. | Friday | 2.0 | 2.0 | 2.0 |
| Novo-Nordisk | Friday | 0.7 | 1.0 | 1.0 |
| Overseas Investment Trust | Friday | 0.7 | 1.0 | 1.0 |
| Rand Mines | Friday | 2.0 | 2.0 | 2.0 |
| Rand Mines | Friday | 1.0 | 2.75 | 2.75 |
| Reid & Macleod Trst | Thursday | 1.6 | 2.0 | 2.0 |
| Royal British Petroleum | Thursday | 1.0 | 2.0 | 2.0 |
| Royal Insurance Holdings | Thursday | 10.75 | 14.75 | 14.75 |
| Sedgwick Group | Thursday | 4.0 | 4.0 | 4.0 |
| Shell Transport & Trading | Thursday | 10.3 | 10.3 | 10.3 |
| Thomson Corporation | Monday | 1.5 | 2.75 | 2.75 |
| TMO Advertising | Monday | 3.0 | 6.0 | 6.0 |
| Tomkins | Tuesday | 2.50 | 3.25 | 3.25 |

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † Dividend payment on 'A' ordinary shares is 10 pence per share gross. ‡ Dividend payment on 'B' ordinary shares is 10 pence per share gross. § Figures quoted in Danish kroner. ¶ Figures quoted in Swedish kronor. ** Interim dividend. †† Figures quoted South African rand.

PRELIMINARY RESULTS

| Company | Year to | Pre-tax profit (£m) | Profit after tax (£m) | Dividends (£) |
|-----------------------------|---------|---------------------|-----------------------|---------------|
| Allied Irish | Mar 89 | 257,000 | (155,700) | 24.4 (17.9) |
| Amberley Invest. | Mar 89 | 1,070 | (1,310) | 14.9 (12.7) |
| B&S | Jan 89 | 1,730 | (1,680) | 14.2 (12.7) |
| Bank Henry & Son | Dec 88 | 5,380 | (3,900) | 66.1 (50.5) |
| Bentley | Dec 88 | 24,000 | (41,700) | 88.7 (41.0) |
| Cable News | Dec 88 | 246 | (80) | 5.5 (10.4) |
| Cashewnut | Dec 88 | 74 | (240) | 5.5 (10.4) |
| Clearmark Group | May 89 | 1,310 | (4,220) | 1.35 (-) |
| Clouston | Jan 89 | 5,080 | (5,120) | 10.0 (8.0) |
| Dela Packaging | Feb 89 | 610 | (761) | 1.00 (0.83) |
| El Oro Mining | Dec 88 | 2,710 | (7,001) | 41.4 (25.0) |
| Exploration Co. | Dec 88 | 3,060 | (5,800) | 8.0 (5.0) |
| Forward Group | Jan 89 | 690 | (1,440) | 1.35 (-) |
| Hay Nomads | Dec 88 | 1,970 | (1,820) | 8.05 (7.77) |
| H-Tec Sports | Feb 89 | 6,400 | (7,010) | 11.5 (13.8) |
| Investment Group | Dec 88 | 3,750 | (2,500) | 11.2 (8.0) |
| Jackson Group | Dec 88 | 2,000 | (2,380) | 7.4 (12.7) |
| Jarvis | Jan 89 | 245,220 | (238,077) | 61.0 (47.0) |
| King & Stewart | Apr 89 | 8,000 | (1,700) | 14.9 (12.7) |
| Leisure Cap. | Dec 88 | 2,940 | (1,810) | 14.9 (12.7) |
| Leisure Cap. | Dec 88 | 31,830 | (30,780) | 66.8 (50.5) |
| Portland Tannery | Mar 89 | 2,040 | (2,570) | 23.9 (24.2) |
| Rock | Dec 88 | 402 | (1,040) | 2.00 (1.0) |
| RAY Information | Dec 88 | 1,560 | (3) | 0.3 (2.1) |
| Sears | Jan 89 | 231 | (272) | 11.1 (12.5) |
| Telford Holdings | Dec 88 | 5,270 | (5,180) | 15.2 (22.5) |
| Time Products | Jan 89 | 15,120 | (17,220) | 20.6 (24.0) |
| Woolworth | Dec 88 | 5,980 | (5,980) | 8.0 (8.0) |
| Xero-vision | Jan 89 | 4,530 | (1,220) | 8.56 (7.98) |
| Yorkville | Jan 89 | 2,470 | (2,330) | 32.5 (31.9) |

INTERIM STATEMENTS

| Company | Half-year to | Pre-tax profit (£000) | Interim dividends per share (p) |
|--------------------|--------------|-----------------------|---------------------------------|
| Associated Paper | Mar | 517 (1,040) | 2.75 (2.75) |
| Biffey J & Sons | Mar | 16,800 (15,900) | 2.75 (2.75) |
| BOC | Mar | 170,100 (161,600) | 2.5 (2.3) |
| British Petroleum | May | 361 (381) | - 3.95 |
| Coca-Cola | Dec | 1,680 L (1,700) | - (1.2) |
| Crocodile | Feb | 588 L (548) | - - |
| Crocodile Group | Mar | 781 (1,060) | 1.5 (1.5) |
| Crysalis Holdings | Mar | 557 L (2,200) | - - |
| Eurooney Publs. | Mar | 3,380 (2,750) | 6.5 (5.5) |
| General Accident | May | 80,900L (64,900) | - - |
| Guthrie Macdon | Mar | 2,000 (2,300) | 0.8 (0.8) |
| Hornhill Group | Jan | 516 (372) | - - |
| ICI Chemicals | Jan | 1,010 (822) | 1.0 (0.6) |
| Smithline Bechtel | Mar | 216,000 (235,000) | - - |
| Smith & Nephew | Mar | 30,700 (29,200) | - - |
| Softeby's Holdings | Mar | 5,980 (5,100) | - - |
| Stella | April | 32,390 (11,540) | 0.8 (0.74) |
| Thorn Holdings | Dec | 708 (768) | 0.63 (0.63) |
| Travelair House | Mar | 116,900 (113,800) | 2.8 (2.8) |
| Tubular Edgington | Jan | 975 L (541) | - - |
| UK Land | Mar | 1,710 (4,430) | - - |

FINANCE & THE FAMILY

Classic cars and tax

CLASSIC CARS have become all the rage as an "alternative investment" with some models now changing hands at millions of pounds. But what is the tax situation?

I was present at a Brook's classic car auction when Michael Fresson bought a 1959 AC Aconia at the giddy price of £41,000. When asked about his purchase Fresson was quoted as saying: "I once owned an AC Aconia, I was very attached to it. No, I have no intention of selling it, I bought it for sentimental reasons, and hope it will also be an investment."

What an excellent reply. I remembered thinking it would provide superb evidence to give to the tax inspector should it be required. Capital gains made on the sale of cars are tax free provided the tax inspector is satisfied that the gain was made on an investment and not a profit from "an adventure in the nature of a trade."

The Revenue is aware of the rapid increase in the values of classic cars in recent years and the number of people trying to equalise on this booming market. It is, therefore, making every effort to tax these gains as dealing profits chargeable to income tax.

According to Revenue case law the definition of whether a gain is a capital gain or a dealing profit is based on five criteria called the "Five Badges of Trade." These are:

- the frequency of the number of similar transactions by the same person;
- the subject matter being bought and sold;
- the length of period of ownership;
- the supplementary work on or in connection with the subject;
- the motive.

The Inland Revenue has to consider all five criteria before making a decision. However, it has recently tried to cut corners in several cases by saying that if more than a certain number of cars are sold per year the profit will be treated as trading. This approach ignores four other factors making up the Five Badges of Trade and should be vigorously resisted.

As in many disputes with the Inland Revenue, the more evidence you can gather to prove your point the better. Fresson did well. Not only did he respond correctly when asked about his motive for buying the car, he also went on to refuse an offer made for the car one week later at 25 per cent above what he paid for it. If he had not refused, it would have been difficult to convince the Revenue later, given the length of ownership and the subject matter being bought and sold, that his initial motive was genuine.



Classic Cars: a 1961 Aston Martin 3.7 litre DB4-GT coupe

Another area of dispute with the Revenue revolves around the question of "what is a car?"

Under capital gains tax legislation the exemption from tax liability is available only for a car which is a "mechanically propelled road vehicle constructed or adapted for carriage of passengers, except for a vehicle of a type not commonly used as a private vehicle and unsuitable to be so used."

Thus racing cars such as a single seater ERA or Mercedes W125 are generally considered to be outside the exemption because they do not have a passenger seat. However, there are others which are borderline cases, and an argument could be developed that the car falls within the exemption.

Caroline Garnham on the Inland Revenue's view of four-wheeled portfolios

exemption. Whether the argument will succeed will depend upon the facts of the case and its presentation to the Revenue.

The third worry is the possibility of the capital gains tax exemption being changed in a future Budget to exclude classic cars. If classic cars become liable to CGT the gain chargeable to tax would probably not be calculated from the day the legislation is changed, but from the car's acquisition cost (or 1982 value if later) as adjusted for inflation. If this happened the value of car portfolios owned by UK residents would most probably fall substantially.

In anticipation and fear of such a change to the tax law many car portfolio owners sought advice before this year's Budget on ways to mitigate the tax should it become payable. Many of those with portfolios in excess of £250,000 were directed towards "tax havens" such as Guernsey.

Mark Pratt, of Ros Brothers (Guernsey) one of the pioneer banks there for tangible asset protection, says: "So many people associate offshore structures with investments such as stocks and shares and cash that they forget that the same advantages

can be achieved with tangible assets and in particular with classic cars.

Classic cars are, in fact, ideal for an offshore structure because in transferring ownership of the cars offshore no tax is payable. If at a later stage tax is introduced on gains made on cars the offshore structure will protect the gain from an immediate charge to tax. If you are non-UK domiciled you could possibly avoid the tax altogether.

Offshore structures such as trusts and companies can be effective, if used in the correct circumstances, to save not only CGT but also inheritance tax.

For example, a non-UK domiciled individual (or someone for whom the UK is not their home country) who is resident in the UK for less than 18 years would be well advised to transfer a portfolio of cars in Britain to a non-UK company. In this way, should he die the portfolio will be excluded from his estate on death for inheritance tax purposes (provided care is taken to avoid the reservation of benefit rules).

Furthermore, to avoid complications if CGT were to be introduced on classic cars, and to maintain the exclusion of these assets from inheritance tax, the person should then settle the shares in an offshore company controlled by an offshore trust.

A UK domiciled and resident person, on the other hand, would only be able to defer CGT using an offshore trust, but is unlikely to need an offshore company since it will not save him inheritance tax. In fact an offshore company alone could put the investor in a worse position than if he owned the car himself outright, since the gains on company shares would be taxable whereas gains made on the cars may not be liable.

The rules relating to offshore structures are very complicated, so it is advisable to be cautious before taking any definite action. Classic cars are an exciting tax free investment, especially for the enthusiast. But if you get too greedy, too impatient or too complacent you may be allowed to keep less of your profits than you bargained for.

Caroline Garnham is a tax partner with the London firm of solicitors Taylor Joynson Corbett.

Tax relief on a low-start loan

IF YOU have a low start mortgage, does the deferred interest qualify for tax relief, even if it carries over into a new tax year, or does it get rolled into the outstanding capital balance and hence not qualify?

Interest which is added to capital retains its quality of interest and consequently qualifies for tax relief (in principle) when it is eventually paid. If the original loan was for £30,000, capitalised interest of up to £1,000 will not restrict the full availability of tax relief (by virtue of section 357(6) of the Income and Corporation Taxes Act 1988). You may like to ask your tax inspector's office for the free pamphlet IR83 (MIRAS) and IR86 (Independent taxation: a guide to mortgage interest relief for married couples), if relevant.

object and thereafter will strike the company off the Register.

Address for poll tax

I wish to be registered for personal community charge liability at a different property from that for which I receive mortgage interest relief. Could you explain the distinction (if any) between the residence rules for eligibility to mortgage interest relief and those for liability to personal community charge?

You would not cease to qualify for mortgage interest relief if you now moved to a different main residence. It is the main residence on which your personal community charge falls to be assessed.

Death of a company

MY WIFE and I own a company which has never traded more than nominally and since September 1987 not at all. Now that we have both passed retirement age we would like to rid ourselves of the paperwork and expense necessary to fulfil the legal requirements.

The company has no debts or assets and its name is of no value. Our accountant seems uninterested in giving advice or assistance, presumably because there is no financial attraction in doing so.

Is there a simple way in which the company can be laid to rest without outside assistance?

You should pass a resolution that the company is no longer required and that the Registrar of Companies be requested to strike the company off the Register.

You then send a balance sheet (which need not be audited) and a copy of the resolutions, signed by all directors, to the Registrar of Companies together with a statement of the company's tax affairs and evidence to enable the Registrar to confirm that there is no outstanding tax liability.

The Registrar will normally confirm with the company's tax inspector that he does not

Felled by trees

DURING the recent storms several big trees from our neighbour's property fell into our garden, destroying our fence which was in a good condition. These fences have to be replaced completely at considerable cost.

Are our neighbours liable for the damage done, and can they claim for the cost through their insurance company? Are they also responsible for the clearing of the fallen trees from our garden?

If your neighbour's trees were not already unsafe before the recent storms there would be no liability on the neighbour for the damage caused by the trees' falling into your property. You will need to claim on your own insurance.

Paying an IHT bill

WE OWN our house as tenants in common. We have each willed "the IHT exempt amount" (£125,000) to our children but my husband does not currently own as much as that outside his equity in the house. If he died first, could I

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

pay the children the exempt amount on his behalf (my resources would permit this) without selling the house?

Yes. The only obligation to the beneficiaries is to ensure that the amount of their pecuniary legacy is met. You may need to formalise the position by making a loan to the estate.

No need to sell house

IN COMMON with many other couples my wife and I have devoted a significant part of our energies and resources to creating a family home which we would like to be able to pass on to our descendants.

If the dramatic rise in residential property values which we have seen during the last few years were to continue it is more than likely that there would be insufficient liquid assets in our estate to meet inheritance tax liabilities and that the latter could only be met by selling the property.

My question is whether, assuming that he or they have sufficient means at their disposal, would our heir or heirs (ie the beneficiaries of our will) be permitted to pay any outstanding inheritance tax?

It would be possible to avoid the need to sell the property if one or more beneficiaries makes a loan to the estate to cover the inheritance tax liability. This can also be done commercially if there are sufficient liquid assets in the estate to cover the interest payments and if the beneficiaries are all of full age and agree.

A search is vital

IS IT necessary to employ a solicitor to transfer a small parcel of land for a consideration of £25,000 from vendor to

purchaser when both vendor and purchaser know the history of that land and no searching is necessary?

The sale can be effected by the parties alone without the intervention of a solicitor. However, we must emphasise that it is unwise to proceed on the basis that no searches are necessary; there are sometimes land charges or local land charges which exist unknown to the vendor and also (most likely) to the purchaser.

Bequest to daughter

MY SISTER is terminally ill in a private nursing home where she enjoys skilled attention round the clock. However, for many years she was cared for at home by her spinster daughter. She is now considering turning her empty house over to her daughter (not presently resident therein) by deed of gift. Would her daughter (a marginal tax-payer) become liable for tax on this gift? The house is worth approximately £40,000.

Alternatively, if the house were willed to her daughter, would any inheritance tax be payable? My sister's gross estate is unlikely to exceed £45,000.

There would be no liability to tax on the gift whether it is made by will or during your sister's lifetime. If the house is subsequently sold there would be a liability to Capital Gains Tax on any gain in value in the house, over its value at the time of the gift, which exceeds £25,000.

Reasonable bills

NOW MUCH might I expect to pay a solicitor for the execution of a Deed of Variation in effect the surrender by my wife and me of the estate of my younger son (who died intestate) in favour of our elder son?

This will depend on the complexity and the amount of work involved. However, if the deed is as straightforward as you describe a charge of £150 to £200 would seem reasonable.

Expatriates

Manx victims await payout ruling

THE ISLE of Man Government is on the brink of a major public relations success, but could yet succeed in snatching defeat from the jaws of victory.

The route taken by the authorities in this self-governing Crown dependency will be unveiled next week, probably on Tuesday, when the island's chief minister, Miles Water, will announce the Manx Government's response to demands for compensation from depositors in the Savings and Investment Bank which collapsed in June 1982 with debts of £22m.

Pressure for compensation to be paid has been led by Gwendoline Lamb who has spearheaded a "victim support group" from her home at Marton, near Middlesbrough. Lamb, who lost her life savings of £20,000 in the bank's collapse, has been waging a non-stop battle over the last eight years to get a full refund from the Manx authorities.

Depositors ran out of civil legal remedies earlier this year when the law lords ruled that neither the members of the Isle of Man Finance Board nor the Treasurer owed any duty to the claimants.

But the bank's failure has been resurrected as a major financial story following the abandonment last month of a

trial involving eight directors, employees and other agents of the bank. Charges including conspiracy, fraud and false accounting were dropped because of the long delay in bringing the case to court.

However the trial judge, Thomas Field-Fisher, hinted strongly that the money saved by the Isle of Man Government as a result of the trial being halted (possibly £10m) should be used to compensate Miss Lamb and more than 3,000 other insolvent depositors.

Local observers say opinion is divided on this score. Sir Charles Kerruish, a senior local figure and Speaker of the House of Keys (Commons) is sympathetic to the plight of investors and has asked the chief minister to give consideration to paying compensation. He refuses to be drawn on whether compensation should be limited to the savings made from stopping the trial, but says "officials of the (Manx) Government were less than diligent in the handling of this matter."

Lamb is adamant that nothing less than a full refund will be acceptable. She says that a full refund plus a commercial rate of interest for the last eight years would be the ideal solution. However, she points

out that "a fair solution to end this fiasco" would consist of depositors getting a full refund of their original capital to add to a payout of 15p in the £ to be paid by the joint liquidators at the end of June. Lamb estimates that a "full refund" would cost the Manx authorities £20m, less than half the amount lost when the bank collapsed.

A £20m payout by the Isle of Man Government would be the equivalent of one quarter of its own budgeted income tax revenue of £90m for the current financial year and could add as much as 4p in the £ to the Manx standard rate of 15 per cent income tax if it were completely financed out of one year's revenue collection.

It could be a small price to pay in the long term. The Isle of Man has enjoyed considerable success as an offshore financial centre. It has obtained designated territory status from the UK authorities, making it possible for financial products to be marketed to British residents.

It has attracted household name companies such as Royal Life, Eagle Star, Clerical Medical, NatWest, Barclaytrust and Standard Chartered.

Whether the island can continue to entice the big players if it gets the reputation of selling investors short. A multiplicity of emerging offshore centres will not be slow to spot any competitive weakness.

The savings bank saga will not die quietly, Lamb will see to that.

In the meantime, the Isle of Man Government is planning to publish hitherto secret reports on the bank's collapse, one of which has been in its possession since 1988. It is also proposing a further inquiry to investigate events surrounding the bank's collapse.

The key question is: Could there be a repetition of the Savings and Investment Bank collapse? The answer is "yes" for banks. Manx banking supervisor Jim Noakes has taken steps to ensure that procedures considerably in recent years but there is still no deposit protection scheme in force, so it is sensible to stick to respectable names who would be most likely to meet any shortfalls by shareholders. However there is an extra protection with building societies, who have a legal obligation to hold out subsidiaries that might get into trouble.

Peter Gartland

Peter Gartland is Editor of The Internationalist, the FT's magazine for expatriates.

High-interest bond is withdrawn

BRITANNIA Building Society's bid by subsidiary has been forced to withdraw its Manx Special Bond, first and second issues, because of excessive demand from investors seeking to take advantage of the new independent taxation system for married couples.

The society said that deposit balances have trebled since the beginning of March and BES (Isle of Man) was consistently taking around £10m a week in deposits. The Manx Special Bond, paying a top rate of interest at 16.05 per cent gross, and with a minimum of only £10,000, was a limited issue. The bond has now been reached.

The society's other accounts offer slightly lower interest rates. Several other building societies have withdrawn their top interest rate accounts because of the big flow of money to the Isle of Man.

John Edwards

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

| | Quoted rate % | Compounded return for taxpayers at 25% | 40% | Frequency of payment | Tax (see notes) | Amount invested £ | Withdrawal (days) |
|-----------------------------|---------------|--|-------|----------------------|-----------------|-------------------|-------------------|
| CLEARING BANK | | | | | | | |
| High interest cheque | 5.00 | 5.10 | 4.08 | monthly | 1 | under 5,000 | 0-7 |
| High interest cheque | 9.20 | 9.60 | 7.88 | monthly | 1 | 5,000-9,999 | 0 |
| High interest cheque | 9.40 | 9.80 | 7.84 | monthly | 1 | 10,000-24,999 | 0 |
| High interest cheque | 7.50 | 10.10 | 8.00 | monthly | 1 | 25,000-49,999 | 0 |
| High interest cheque | 10.20 | 10.70 | 8.88 | monthly | 1 | 50,000 | 0 |
| BUILDING SOCIETY | | | | | | | |
| High interest account | 7.00 | 7.12 | 5.70 | half-yearly | 1 | 1-250,000 | 0 |
| High interest account | 9.00 | 9.00 | 7.20 | yearly | 1 | 800 | 0 |
| High interest account | 9.75 | 9.75 | 7.80 | yearly | 1 | 2,000 | 0 |
| High interest account | 10.25 | 10.25 | 8.20 | yearly | 1 | 5,000 | 0 |
| High interest account | 10.50 | 10.50 | 8.40 | yearly | 1 | 10,000 | 0 |
| 90-day | 10.25 | 10.51 | 8.41 | half yearly | 1 | 800-9,999 | 90 |
| 90-day | 11.00 | 11.30 | 8.05 | half yearly | 1 | 10,000-24,999 | 90 |
| 90-day | 11.50 | 11.88 | 8.48 | half yearly | 1 | 25,000 | 90 |
| NATIONAL SAVINGS | | | | | | | |
| Investment account | 12.75 | 9.58 | 7.85 | yearly | 2 | 5-25,000 | 1 mth |
| Income bonds | 13.50 | 10.12 | 8.10 | monthly | 2 | 2,000-25,000 | 3 mths |
| Capital bonds | 12.00 | 9.80 | 7.28 | yearly | 2 | 100 | 0 |
| 34th issue | 7.50 | 7.50 | 7.50 | not applicable | 3 | 25-1,000 | 0 |
| Yearly plan | 7.50 | 7.50 | 7.50 | not applicable | 3 | 20-200/month | 14 |
| General extension | 5.01 | 5.01 | 5.01 | not applicable | 3 | - | 5 |
| MONEY MARKET ACCOUNT | | | | | | | |
| Schroder Wagg | 10.78 | 11.31 | 9.05 | monthly | 1 | 2,500 | 0 |
| Provincial Bank | 11.02 | 11.59 | 9.27 | monthly | 1 | 1,000 | 0 |
| UK GOVERNMENT STOCKS | | | | | | | |
| 3pc Treasury 1991 | 14.02 | 11.88 | 10.42 | half yearly | 4 | - | 0 |
| 3pc Treasury 1992 | 13.81 | 11.86 | 10.40 | half yearly | 4 | - | 0 |
| 10.25pc Exchequer 1990 | 12.99 | 10.25 | 8.918 | half yearly | 4 | - | 0 |
| 3pc Treasury 1994 | 13.35 | 11.02 | 9.527 | half yearly | 4 | - | 0 |
| 3pc Treasury 1992 | 11.73 | 10.90 | 10.40 | half yearly | 4 | - | 0 |
| Index-linked 3pc/1992/95 | 11.26 | 9.74 | 8.43 | half yearly | 2/4 | - | 0 |

*Lloyds Bank/Wellfax 90-day, immediate access for balances over £25,000.4 Special facility for extra £70,000.5 Source: Phillips and Drew. 5% assumes 6.5 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

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MINDING YOUR OWN BUSINESS

William Cheston's aim is to help smaller companies grow bigger

Holding hands across the Channel

THE BUSINESS can be selling a glossy power boat to the very rich. Or finding new manufacturing facilities in Britain for French businesses. Or offering well-paid jobs in continental Europe to British executives.

In all three, the concept is the same. The specialised trade of helping small businesses make headway in other countries is itself proving a growth industry as the 1992 free European market looms closer. Agencies, ranging from embassies and government departments to small consultancies, are competing to provide advice, background information and practical help. Britain's Department of Trade and Industry is offering a range of marketing services. These include liaising with British embassies in appropriate countries, assessing companies for partnerships, linking them with organisations helping with trade exhibitions and, sometimes, providing financial support for companies making their first move into exporting.

Meanwhile, an export advisory service, run by the Association of British Chambers of Commerce, now has 33 advisers in 20 offices round the country. The service, backed by £2.25m of government funding, is oriented locally and delivered by seasoned businessmen. Where necessary, they will even accompany clients to Europe. The Confederation of British Industry, which last year mounted 130 seminars around the country, plans further up-dated programmes later in the year on aspects of distribution, marketing, and training. These are agencies based in Britain and funded by European governments. A team at the French Industrial Development Board, for instance, is busy fielding inquiries from companies keen to export. This week, ROY HODGSON and SALLY WATTS talk to three of them.

■ **Alexander Heel** aims to turn his dream of a super boat to the very rich into a reality.

■ **William Cheston** is building his own consultancy business by helping companies to set up in other countries.

■ **And executive recruiter Roy Bruce** finds that the greater part of his work is finding British executives for European companies.

WILLIAM Cheston has become a professional hand-holder to businesses anxious to become mini-multinationals. At present, he is helping four British companies to set up in France and an equal number of French companies to move into the UK.

His small business is called New Venture Marketing and concentrates on the sectors he knows best - engineering, electronics, cars, building equipment and defence-related material. Most of his clients have between 300 and 500 employees and they are anxious to expand.

Cheston's special assets are fluency in French, an understanding of the French temperamental and knowledge of business and marketing. Before branching out on his own, he spent more than 20 years exporting and marketing the products of a small Midlands company which operated in

electronics and specialised in the defence field. Then came the Government moratorium on defence spending early in the 1980s.

Cheston, by then a director of the company, decided the time had come to go solo. "I had always wanted my own business and saw it as a good opportunity to help British companies establish themselves in France," he says. He started with a £20,000 overdraft from the Midland Bank. With a wife and three children to support, and the long wait for payments to start coming in, it was a worrying time.

He operates from his Cotswold home at Upper Milton in Oxfordshire and spends a week in France at least once a month, usually Paris and Le Havre. He takes his "office" with him: a portable Hewlett-Packard computer which was a second-hand snip at £200. Cheston, 50, starts by prepar-

ing a market survey, for which a typical charge is £3,000-£5,000 based usually on a daily rate of £200-£250. The arrangement might include finding a distributor to handle the exports of companies choosing this method of entry. For those seeking a production arm, there are the options of setting

up a manufacturing base, agreeing to a local company making the product under licence, or a joint venture.

Cheston handles all those matters. He says: "If the French are supplying loans or government funds, they like them to be spent on French products. And they are less likely to buy a British product

if a French one already exists. So, the product has got to be made to look French and have French idiosyncrasies.

"Joint venture is, therefore, very important. The client can blend to the market, adjust and adapt to the demand - and the final invoice will be French."

Cheston also works with a company specialising in acquisitions and mergers, called Corporate Partnership, and is able to draw on the expertise of specialists in areas such as management consultancy, VAT, recruitment, property and estate management.

Firms sometimes ask Cheston to represent them, establishing and building-up the business on their behalf. In such cases, he operates as if he were part of the client company.

His business has, he says, grown through recommendation. He paid off his overdraft within three years and now



William Cheston... a professional hand-holder

'You have to be aware of your vulnerability'

up a manufacturing base, agreeing to a local company making the product under licence, or a joint venture.

To sea, in a dream come true

A LOVE of boats from childhood holidays on the Isle of Wight led Alexander Heel to start dreaming about making "the best, the most beautiful 45-foot wooden power boat in the world." It seems an odd ambition when mass-produced glass fibre boats are being sold at such competitive prices. But now that he is well on the way to achieving his ambition, his motivation becomes clearer.

He belongs to the Heel furniture family and has inherited a feeling for good wood, fine leather and craftsmanship. A team at his power boat project will bring it all together in one magnificent creation - and no matter that each boat will cost a minimum £550,000, which is far more expensive than anything comparable on the market.

Heel, 28, believes his best market is likely to be the Far East and he attended the Tokyo boat show recently armed with a model and his brochure in Japanese. He understands about selling, having already had a five-year career setting up his own company to import personal computers.

As soon as he secures his first order - very soon, he expects, and probably from a



Alexander Heel with a model of the Advantage 135

Japanese buyer - the Advantage 135 will go into production in the Camper and Nicholson yard at Gosport, Hampshire. The heart of his boat will be twin Aston Martin petrol engines modified for marine use and delivering 500 horse-

power apiece. Heel realised that such a design would sell only if it had special engines. Other quality boat-builders had already used engines from Ferrari, Jaguar, Porsche and other car marques. He found that Aston Martin power plants



Roy Bruce surprised

Executive exports

SOMEWHAT to his own surprise, Roy Bruce finds that his small executive recruitment business, Arbee Associates, has moved firmly into the export trade. Bruce left as managing director of a big management services agency in London four years ago to work for himself. Since then, he has forged links throughout the European Community and 55 per cent of his business is coming from European firms seeking UK management talent.

He says companies on the Continent are asking him to fill some very big jobs with British managers: two of his present assignments are for £100,000-a-year posts. So why are UK executives in such demand? Bruce believes it is because managers who have gained their experience with the better British firms are outstandingly good. They are regarded in France, Germany, Italy, Belgium and the Netherlands as well-trained and disciplined people, he says. "And people of that calibre do not find it difficult to move to live abroad with their families."

Bruce, 58, is filling between 40 and 50 continental posts a year at salaries ranging from £25,000 to £80,000, with occa-

sional jobs at much higher rates. He says demand is accelerating as 1992 approaches.

He started his own business by working from a small office in Balgravia, south-west London, and refusing to invest heavily in office staff. "I buy the services I need - such as research, company and financial information, auditing and legal services - by the yard," he says.

A recruitment man should generate a fee income of £100,000 a year, he estimates. But he achieved that in his first year and is now "heading towards a £500,000 turnover."

Bruce sees himself as "trying to find opportunities for round pegs in round holes" and claims a business as small as his derives advantages from being small. "I do a typical 90-day project in 90 days because I don't have to manage staff," he says.

■ **Arbee Associates**, 4 Port St. London SW1 (tel. 071-945-6141).

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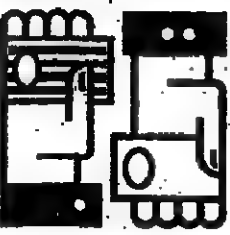
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WEEKEND FT REPORT



In the past year, a more complicated set of parameters has emerged for those considering their

financial futures. The introduction of independent taxation for married couples and the proposed abolition of composite rate tax need consideration, says John Edwards

Big decisions for savers

PERSONAL FINANCIAL planning has become a good deal more important, and complicated, in the past 12 months. The introduction of independent taxation for married couples has brought in a new set of parameters that need considering. So has the proposed abolition of composite rate tax (CRT) from next April, announced in the Budget.

However, in the short term the issues calling for closest attention are the rise in the rate of inflation, and the prospect of continued high interest rates.

Inflation is, of course, not only a short-term problem. It is of paramount importance to pensioners, those taking early retirement, and investors or savers with incomes and capital sums of money at risk. The current high interest rates on deposits are providing a "real" return at the moment, but this is in danger of being eroded by inflation, especially for high rate taxpayers.

The UK Government is pledged to encourage savings as well as wider share ownership. Mr John Major, the Chancellor of the Exchequer, in submitting what he described as a "saver's Budget" in March announced the introduction,

from next January, of a new savings vehicle, *Tessas* (tax exempt special savings accounts) offering tax-free interest for those willing to lock their money away for five years.

The main target of the scheme is the small saver, since the amounts involved are quite modest, confined to a maximum over the five-year period of £3,000, although £2,000 can be invested in the first year. Nevertheless, it will have a special appeal to high rate taxpayers, since they will benefit most from the tax-free concessions.

The Chancellor also provided a further lift for wider share ownership in the Budget by raising substantially the amount that can be invested annually in Personal Equity Plans (PEPs), and by improving the terms of this government-backed scheme that offers exemption from both capital gains and income taxes.

He also promised to abolish stamp duty on share transactions, but only when the London stock exchange introduces in late 1991 or early 1992 its *Taurus*, a planned "paperless" trading system.

However, perhaps the most radical measure in the Budget



Personal Financial Planning

was the proposed abolition from next April of Composite Rate Tax (CRT), the special tax at present automatically deducted from all bank and building society deposit accounts which is not reclaimable even by non-taxpayers.

The abolition of this "unfair" tax, which discriminates against the poor who effectively subsidise the standard

rate taxpayer, was made necessary by the introduction of independent taxation for married couples which has created an entirely new body of non-taxpayers, primarily in the form of non-working wives.

Building societies, which were badly hit by an outflow of money into offshore bank accounts where interest is not subject to CRT, have been

quick to act in offering special one-year accounts where the first payment of interest is not made until after April 6, next year and, therefore, falls in the 1991-92 tax year when CRT will have vanished. Instead, tax will be deducted automatically at source just like dividends on shares and can be reclaimed by non-taxpayers.

However, tax will be

deducted at standard rate, which this year is 3 per cent higher than the CRT rate, so depositors who are liable to pay standard rate tax will lose rather than benefit from the abolition of CRT.

The introduction of independent taxation has already resulted in a rethink of financial planning and investment strategies by married couples,

especially where one of the spouses has little or no income or earnings. The first aim is to ensure that each spouse makes full use of his or her separate personal income tax allowances and capital gains tax exemption.

But it does not end there. With careful planning, married couples can now ensure that they both use up in full their standard rate tax bands, so as to keep the amount of 40 per cent high rate tax paid to a minimum. Bearing in mind that around £24,000, including the £3,007 personal income tax allowance can be earned at standard rate tax, the transfer of assets to a non-working spouse can be quite considerable. Then there is the potential for transferring assets to ensure that both spouses take advantage of the £5,000 annual exemption from capital gains tax.

It is no exaggeration to say that independent taxation has introduced a new layer of financial planning for married couples.

Tax saving, however, is only one aspect of personal financial planning. Indeed many advisers complain that too much attention is paid to the tax implications and not enough to the fundamental requirements.

There is also the problem of long-term and short-term views. Mortgages and pensions are essentially long-term commitments, but they are often swayed by short-term expediency. For example, there has been a rush in recent months into fixed rate mortgages, which is difficult to justify bearing in mind that interest rates are currently at, or certainly close, a peak level. Buying at the top of the market does not make a lot of sense.

The present high cost of mortgages is influencing a lot of financial planning at present, since in many cases it represents an individual's biggest commitment, with everything else revolving around it. Lenders have devised all kinds of schemes to ease the pain for borrowers, but in many instances this means paying more later for savings now.

Pension planning has also become a lot more difficult for high earners following the shock introduction in 1989 of a "ceiling" on payments that can be made. For highly paid executives this could mean taking a significant cut in earnings when they retire, so the search is on for viable alternatives. There are a lot of ways of saving money, but not with the tax concessions offered by pension schemes.

With longer term financial planning in mind there is another important factor on the horizon: the strong possibility of the Labour Party winning the next general election and adopting very different priorities to investment, savings and borrowings. Would personal equity plans and personal pensions survive in their present form, for example? And would there be any restrictions on investments overseas for private and institutional investors? Most important of all, would tax rates be pushed up again?

There are no clear answers to these questions but they have to be borne in mind when planning for the future. In the shorter term the obvious fears are inflation and the uncertain state of the world stock markets.

The new decade has started on a disappointing note for many shareholders, especially those in the "ever rising" Tokyo market. This has inevitably triggered off doubts as to whether the long-term upward trend in stock markets that was a feature of the late 1970s and 1980s will be reversed in the 1990s.

For UK investors, high interest rates mean that they can still achieve a "real" return after taxation, although the gap is narrowing as inflation creeps up.

There is a plethora of products offering high rates of interest, and a guarantee that the capital remains intact, over a period ranging from one month to five years. With Guaranteed Income Bonds, for example, the present high interest can be locked in for several years ahead, but there is no protection against the ravages of inflation on capital sums, fixed income or pensions that are not fully linked to the retail price index.

It is a worrying time. Many homeowners, who have been accustomed to their homes providing the main growth in their wealth, are faced with property actually declining in value, incurring losses instead of profits.

Although there is a strong body of opinion suggesting this is only a temporary hiatus, there are a growing number of people who suggest that the property market may remain weak for many years to come, no longer providing the return enjoyed in the long growth period of the 1980s.

Historically, investing in shares has, over the longer term, provided one of the best ways of beating inflation, with the exception of one or two "alternative" investments. But that is no guarantee that they will continue to do so in the immediate future at least, bearing in mind some of the gloomy forecasts for the world's leading economies and the recent political upheavals in Europe.

"We're sitting on a pile of cash right now which is waiting to be fed into the stock market," says a broker at Charterhouse Tilney, the stock-broking arm of the Charterhouse merchant and investment banking group.

It's a common enough comment from stock brokers at the moment: the stock market has been in a rather fragile state recently, and brokers are advising clients to "wait and see" before committing their money to equities.

Mr Glyn Roberts, managing director of stock brokers Quilter Goodson says: "We

Sara Webb looks at investment strategies

A policy of caution

have been cautious about the market for some time so quite a lot of our clients are in defensive stocks exhibiting high yields and with a high proportion of overseas earnings."

So what should investors do? In the short-term, advisers are stressing the importance of savings in view of the current high interest rates and uncertainty over the state of the

stock market. Capel-Cure Myers suggests about 20 per cent of the portfolio should be in cash and bonds.

Investors need to decide how much of their money they want to tie up in longer term savings and how much they want to keep in a savings account with instant access so that they can move quickly into the stock market if they

see a good buying opportunity. Tough competition for deposits has forced banks and building societies to offer quite attractive rates of interest on the spectrum of accounts. These currently deduct composite rate tax (CRT) of 22 per cent from the interest.

CRT is due to be abolished in April 1991, so non-taxpayers will receive their interest gross while tax-payers will have to pay rates of 25 per cent and 40 per cent depending on their income tax bracket. So the real rate of return, taking inflation into account, is likely to be small for tax-payers.

There are other ways of taking advantage of high interest rates. Many unit trust groups run cash funds which invest in money market deposits or even in building society accounts. They allow unit trust investors to switch out of equity funds quite easily (if the stock market looks unappealing) and into a cash fund where risk is considerably reduced.

In a few months' time, there will be a new savings vehicle - the Tax Exempt Special Savings Account or *Tessa* - to tempt savers. Anyone who can afford to set aside up to £3,000 should consider opening a *Tessa* since the interest will be paid gross after five years provided the capital is left untouched during this period. This will provide a particularly attractive deal for higher rate tax payers who will not have to pay any income tax on the interest earned.

Tessas have not been launched yet, but some people in the savings market believe they will provide an attractive alternative to National Savings. In the meantime, National Savings Investment accounts provide an attractive rate to non-taxpayers, while guaranteed income bonds allow savers to lock into relatively high rates for one or more years.

Many investors have used gilts to provide an element of security in their portfolio. However, at the moment, most advisers recommend dispensing with gilts and putting money in high interest deposits or money market funds instead where the return is higher.

The main problem to consider though is how to beat inflation long term. Even though interest rates are high, the real rate of return to a taxpayer is only in the region of 2 to 3 per cent. Historically, the best way of beating inflation and maximising the return on capital has been by investing in the stock market.

Continued on Page VIII

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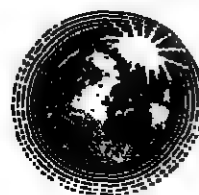
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PERSONAL FINANCIAL PLANNING - A WEEKEND FT REPORT

David Barchard assesses the home mortgage market

Owners braced for third bad year

FEW PEOPLE need to be told that THESE ARE grim times for UK home mortgage markets. Since May 1988, interest rates have very nearly doubled and the volume of new mortgage business being done has dwindled.

A standard variable mortgage from most centralised lenders carries an annualised interest rate of just under 17 per cent. With a further rise in the banks' base rate looking possible, home owners who overextended themselves during the height of the property market rise between 1986 and 1988 are bracing themselves for a third year of misery.

Those who took a punt on continued house price inflation in the UK, regarding a high mortgage as a safe route to a quick capital gain have fared

the worst. House prices fell by 10 to 20 per cent in the south of England over the last year, according to the Halifax Building Society and, in spite of a brief flicker in the markets in the first month or two of this year, prices look set to remain depressed in 1990.

In 1989, the mortgage industry relied heavily on the remortgage business with borrowers shifting from expensive variable rate loans into fixed rate mortgages, usually covering a period of between three and five years or deferred payment mortgages (in which part of the payment is added to the principal and paid after an agreed period).

This year, though, remortgage business continues, lenders are growing more cautious. "We think a lot of people are remortgaging

because they have problems and we don't want to advance money on that basis," says Mr Duncan Young, chief executive of the Household Mortgage Corporation.

Last winter, HMC offered a very popular three year fixed rate of 11.95 per cent for the first year and 12.5 per cent for the following two years. Fixed rate mortgages of this sort are now hard to find.

"Sixteen per cent Libor (London Interbank Offer Rate) kills most of the fixed rate market stone dead," says Mr Ian Darby, marketing manager of John Charcol, mortgage brokers.

"You have now got fixed rate products at rates such as 14.4 per cent and 13.95 per cent which are virtually unmarketable. We have still got money fixed at 14.25 per

cent till the end of June next year," Mr Darby says.

Anyone wanting to switch to a fixed rate mortgage should think carefully. It is virtually impossible to predict how rates will move two or three years from now and penalties for early redemption charges could be severe. Lenders do not always make them as clear as they might.

Last winter, for example, UCB, a French-owned mortgage lender, was telephoning its variable rate customers to encourage them to shift to a five-year fixed rate. The company marketed the fixed rate product through weekend calls to its customers to encourage them to apply for the change. As a UCB customer, I was somewhat surprised when, instead of receiving the detailed explanation of early redemption penalties I had asked for, I was merely sent the letter of variation to sign. Five years is a long time and it seems wiser not to.

Stabilised mortgages, particularly those in which customers can set their own rates within a band, look like much more attractive.

Another option is to go for an interest-only mortgage, a mortgage with no repayment vehicle such as an endowment policy or FFP attached. These mortgages were little known until last year but are increasingly popular.

"We are doing a lot of interest-only mortgages at the moment," says Ms Mandy Witt, a mortgage broker at Greig Middleton. "We have an exclusive scheme with the Bank of Scotland which among other things enables us to offer mortgages to non-status clients (customers without guaranteed certificate regular incomes). Interest only mortgages suit customers who have got hits and pieces of established life assurance already and don't need any more life policies sold to them," she says.

"Such policies tend to suit wealthy people over 45 for whom life assurance is expensive and who may intend to sell their house and move to

a smaller one in a few years time. A standing charge on the property in an interest-only mortgage is not far from a life-time loan," says Ms Witt. "I suspect it will not be too long before someone does it."

One striking newcomer to the UK mortgage market this winter was the US financial services group Bear Stearns which offered 11.95 per cent fixed rate over the entire 25 year life of its first mortgage with no early redemption penalties but a 3 per cent upfront charge. The offer proved highly attractive.

Another effect of sustained high interest rates has been to puncture the popularity of the endowment mortgage. Endowment mortgages are always attractive to intermediaries because of the commission income they generate.

For house purchasers, there is a cross-over point when rates are above 11 per cent when it becomes increasingly sensible to stick to the old-fashioned repayment mortgage. The high cost of life assurance for older customers is another deterrent against endowments for many people.

Meanwhile, worries about arrears and possible repossession dominate the thoughts of many borrowers and lenders. "There is a clear and accelerating upward trend in repossessions," says Mr John Wrigglesworth, an analyst at the City stockbrokers Phillips & Drew.

"There is a lot of restructuring going on in the market and we certainly have customers who are struggling," says Mr Darby. The golden rule for anyone struggling with their mortgage is to keep in regular touch with their lender and approach them before problems get out of hand.

"Lenders are really sympathetic if you go to them when you first find you can't pay," says Ms Witt. "I have one customer who was given a six months moratorium because of illness. They tend to get tough with those who suddenly stop paying anything at all."

Taxation

When marriage pays

IT STANDS to reason that the prime objective for an investor ought to be to achieve the best return after tax has been taken into account. It therefore makes a lot of sense to be aware of the tax implications of any investment decision, and to plan ahead so that tax liabilities are minimised over the longer term.

There are three taxes which individuals ought to be concerned about: income tax, capital gains tax, and inheritance tax. Minimising inheritance tax liabilities may require a good sense of timing, a stable and happy marriage may be a prerequisite for paying the smallest amount of income and capital gains tax.

The potential for planning to avoid (rather than evade) tax on capital gains and income has been increased this year by the introduction of independent taxation. As of April 6 this year, husband and wife can elect to be taxed separately. In practice, this means that a married couple is entitled to two sets of allowances and not just one.

Take income tax first. If strict financial criteria are applied, any married couple with joint income of at least £20,511, with the wife earning a minimum of £7,026, ought to be better off under separate taxation. The objective of tax planning in this area ought to be to "equalise" earnings between husband and wife - shifting taxable income from husband to wife if the husband earns more than his wife.

The financial incentive to do this is twofold. First, the total amount of taxable income falls because the wife is entitled to put some of her spare cash into additional voluntary contributions (AVCs) to build up their pensions.

Later on in life the strategy will probably need further modification. Someone who is still at work and not retiring until the age of 65, will probably have paid off the mortgage and school fees. They should aim for maximum capital appreciation, and so could take

able income to the wife without reallocation of the assets that produce the income.

Tax practitioners report that there is a link between a husband's confidence in the future of the marriage and his willingness to take advantage of the new laws. If the husband or the wife visits the tax consultant on his or her own, that is a bad sign, say the advisers.

Much better is a joint visit. The principle of equalisation also applies to capital gains, which are charged at the same rate as one's marginal income tax rate but with the difference that each individual is entitled to a £5,000 exemption. That amount is simply doubled under separate taxation, but again the husband or the rich wife must consider the consequences of transferring the assets that produce the gains.

Alan Kelly at Grant Thornton makes a good general point: "Never let the tax dog wag the investment tail." In other words, do not get obsessed with saving tax at the expense of making good investment one might end up paying more tax, but one's income may be greater too. The trouble is that many people have a pathological unwillingness to pay any money to the tax man.

Also, he suggests, think about the human consequences of a tax arrangement. In the case of independent taxation it is clear that many hands are thinking on these lines, and are not transferring assets to their wives out of fear that they will run off with them.

The point applies with inheritance tax, for example. There is no point in a married couple giving away their main asset, the house, to their children, only to find a few years later that the children want to sell up.

Marriage guidance counsellors can help with the interpersonal aspects of tax planning. Otherwise, individuals can seek advice from banks and building societies, from financial advisers who are registered with a body such as FIM-BRA, or of course from accountants.

David Waller

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Don't ask me: the stock market jitters have altered strategies and shares have become just part of a widening investment field

From greedy 1980s to nervous 1990s

Continued from Page VII
So you may prefer to wait until the stock market jitters subside, but what strategy should you adopt long-term?

Your first consideration is: how much money do you have to spare for share investments? For small sums, a unit trust or investment trust will probably give a broad spread of investments in either the UK or overseas markets. You can use a regular savings scheme to buy units each month: this "drip-feed" the money into the stock market and may help to limit the losses if there is a stock market crash.

Anyone investing in shares or unit and investment trusts would be wise to consider taking out a personal equity plan or FFP where any gains or income are tax-exempt.

The way that the portfolio is invested will depend very much on personal circumstances. For example, an investor in his or her twenties will probably want capital growth rather than income, and may choose to invest in smaller companies or more risky shares. At a later stage in life they may need to be more

income-oriented especially once they stop working.

In the case of someone in their early twenties with a good income, and few outgoing, Capital-Cure Myers recommends a strong commitment to share investment.

Mr David Rosier, chairman of private client business at Mercury Asset Management, suggests a broadly based share portfolio with a strong emphasis on overseas equities. "He should take a PEP out each year as he can cash these in after 20 years, perhaps to pay for a child's fees later on in life."

For investors in their forties - a stage of life when income is still rising but outgoings are frequently at their highest, including mortgage payments and school fees - Mr Rosier says that the portfolio may need to be made more income-oriented. "They should have a substantial portion in high-yielding equities, and maybe some gilts to produce income if the conditions are right, and money on deposit."

One of their aims should be to maximise tax efficiency: this may mean signing over some assets to their spouse, invest-

ing in children's names and making use of National Savings Bonds. If they are high income earners they may want to put some of their spare cash into additional voluntary contributions (AVCs) to build up their pensions.

Later on in life the strategy will probably need further modification. Someone who is still at work and not retiring until the age of 65, will probably have paid off the mortgage and school fees. They should aim for maximum capital appreciation, and so could take

more risk in their investment strategy, says Mr Rosier.

On the other hand, if they have retired, they probably need to take "a more defensive position aimed at preserving capital" and reducing the risk, mainly by having a high proportion of the money in deposits, and the rest in blue chips.

Mr Andrew Gregory, head of private client business at Kleinwort Greaveson, suggests putting money into fixed interest investments such as government securities and convertibles and in UK-oriented

shares at this stage in life. Mr David Fuller, of Chart Analysis says: "If you suspect, as I do, that the 15 per cent plus average gain on stocks in the 1980s was exceptional, and unlikely to be repeated for several decades, then a 10 per cent plus guaranteed bond return looks reasonable. Nevertheless many fund managers proclaim their underlying preference for stocks every day."

"We can attribute that to loyalty (because they are still up to their eyeballs in stocks) and conservatism (because they are still living in the last decade). If that was the greedy 1980s, this is the nervous 1990s."

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PERSONAL FINANCIAL PLANNING - A WEEKEND FT REPORT



More than 7 per cent of school children are educated privately compared with about 5.75 per cent a decade ago

Eric Short looks at the ever rising price of private education

Taxman may offer a hand

PRIVATE EDUCATION still remains popular for many parents, in spite of ever rising school fees.

The latest survey from the Independent Schools Information Service, published a few weeks ago, showed that the number of pupils in private schools rose by about 1 per cent at a time when the overall school population in the UK is falling.

More than 7 per cent of school children are educated privately compared with about 5.75 per cent a decade ago.

However, the survey also highlighted the costs of private education - costs that are high and rapidly escalating. Fees rose on average by 11.7 per cent in the year covered by the survey to January 1990, compared with a rise of 9.1 per cent in average earnings over the period and an increase of 7.7 per cent in the Retail Price Index.

Over the past eight years fees have risen on average by 9.7 per cent a year.

The fee bill per term for full boarding now ranges from £1,600 to £2,900 for boys and from £1,400 to £2,600 for girls.

Thus it is not surprising that the numbers of pupils in full boarding continue to drop, as parents seek the cheaper alternatives of day pupils or the increasing number of weekly boarding.

Even so, the fees for these options are still substantial. Term fees for day pupils range from £800 to £1,100 for boys and from £600 to £1,000 for girls.

The message conveyed by the ISIS survey is clear. Private education is very expensive and the fee bill could well rise faster than the growth in the family income.

This latest point is vital. The majority of families seeking private education for their children intend to meet the bills as they arise from the family income.

Indeed, many families have little alternative. Nevertheless, whatever the circumstances, there is still a need for the family to carry out a planning exercise in order to ascertain the size of the

financial problem and then consider how to finance these liabilities.

This exercise involves setting out for each year the projected payment taking the present fee levels at the selected schools and increasing those fees at a high rate of inflation.

Then these are set against the projected family income for the same years, again allowing for inflation, but on a much more conservative growth rate.

This exercise will indicate the ability of parents to meet the fee bills and highlight the years when the burden is

Private school fees rose on average by 11.7 per cent in the year to January 1990

likely to be the greatest.

Then parents can start to consider how to meet those bills.

Many families have no alternative but to meet the bills out of current income so consideration needs to be given on how to increase the net after-tax income and curb family expenditure.

Various surveys have shown that families are prepared to make considerable sacrifices to ensure the fees can be paid.

However, this year the taxman may have given a helping hand for once with the introduction of independent taxation.

If the mother is not working and has little income of her own, then transferring all investments and assets into the mother's name will reduce or even eliminate the tax paid on the income from these investments and the tax liability when the investments are cashed in.

Tax savings can be made through such transfers if the husband is taxed at 40 per cent but the wife only at 35 per cent.

The implications of independent taxation are

discussed in other articles. For parents interested in private education for their children, action should be taken now if it has not already been done.

Independent taxation can play an important role in saving in advance to meet those fee bills.

There are a variety of savings media available to parents to help ease those bills when they arrive - endowment policies, unit trusts and investment trust savings schemes, building societies and so on.

For those savings contracts where the individual is taxed directly on the investment income, such as unit trusts or building societies, then the net return could be improved if the wife effects the contracts.

For those contracts where the tax is paid indirectly through the institution, such as life assurance contracts, then it is immaterial whether the husband or the wife effects the contracts.

Several schools will accept lump sum payments for fees in advance, thereby enabling parents to make use of any capital available or a temporary surge in income, such as a bonus payment.

However, the amounts required by way of these lump sums should be compared with alternative savings schemes.

The peak fees years have seen the growth of loan schemes which enable parents to borrow to meet the fees against the security of their home.

These schemes look attractive to parents desperate to meet the bills where the house value has risen significantly.

However, with interest rates at their current high levels the cost of servicing such loans can be a burden for many years.

Finally, grandparents and other members of the family often provide financial help in meeting the fee bill.

This can be done in a tax efficient manner if the grandparents gift the money to the child. The income from this gift can be offset against the child's single person tax allowance.

It is obvious that planning for school fees is a complex exercise and expert advice is needed.

There are a number of firms specialising in school fee planning. Details of many of these firms and other aspects of school fees are contained in the following leaflets provided by ISIS, including whether the advisers are independent or the representatives of a particular life company.

School Fees, Scholarships and Grants and Plan Early, Independent Schools Information Service, 55 Buckingham Gate, London SW1E 6AG, free

On the other hand, there are money purchase or defined contribution schemes where contributions are invested and the accumulated pension savings used to secure a pension by buying an annuity from a life company. Personal pensions, executive pensions and a growing number of company schemes operate on this system.

If the employee operates a good company scheme which is contracted-out of Serps, then the choice which an employee has to make is straightforward.

Either they join the employer's scheme - a hassle-free solution - and if necessary top up the benefits provided by that scheme with an AVC arrangement. Or they opt out and make their own

EMPLOYEES NOW have considerable freedom of choice in making their own pension arrangements - freedoms that were brought about by the Government's changes two years ago.

They can either leave it all to the state, or to their employer or make their own arrangements or combined these alternatives.

In order for employees to plan their pensions, they need to understand the pensions framework. This is basically a three-tiered system.

● The first tier is the state pension, currently £46.90 a week for a single person and £75.10 for a married couple. Every employee receives the basic pension, subject to fulfilling contribution conditions.

● The second tier consists of the State Earnings-Related Pension Scheme (Serps). Employees are in Serps unless they are contracted-out either through their employer's pension scheme or with an appropriate personal pension.

● The third tier can either be a company scheme on top of Serps, or a personal pension, either on top of Serps or a contracted-out personal pension.

Or if the employee is a member of a contracted-out company scheme, then he can pay Additional Voluntary Contributions (AVCs).

● An employee who is a member of a contracted-in company scheme can have a four-tiered pension arrangement - basic, Serps, company scheme and AVCs.

Membership of an employer's company pension scheme is voluntary. This may mean that the employee has to apply to be a member.

Or the scheme may operate on the basis that the employee

is a member unless he or she exercises the right to opt out.

The first fundamental factor in this complex set up is that if employees do nothing about their pensions then at retirement they will rely entirely on benefits from the state - basic plus Serps.

These benefits will provide an income above the poverty level, but not much else. So they need to make other provision if they want a reasonable income in retirement. Here, there can be several different scenarios for the employee. But first employees need to be able to differentiate between the two types of pension arrangement.

On one hand, there are salary-related schemes where the benefits are related to an employee's earnings at or near retirement or averaged over his working life and length of membership of the scheme. These can only operate on a collective basis. Serps and most company schemes operate on a defined benefit system.

On the other hand, there are money purchase or defined contribution schemes where contributions are invested and the accumulated pension savings used to secure a pension by buying an annuity from a life company. Personal pensions, executive pensions and a growing number of company schemes operate on this system.

If the employee operates a good company scheme which is contracted-out of Serps, then the choice which an employee has to make is straightforward.

Either they join the employer's scheme - a hassle-free solution - and if necessary top up the benefits provided by that scheme with an AVC arrangement. Or they opt out and make their own

Pensions

Increased freedom of choice

arrangements through personal pensions.

The factors to be taken into consideration are:

■ Will the employer contribute to a personal pension taken out by the employee, either directly or by increasing salary? If not, and the vast majority of employers do not, then employees will have to dig deep into their pockets in order to secure a decent pension and the company scheme looks more attractive.

■ Does the employee intend to stay in his or her present job or are they likely to change jobs frequently?

Personal pensions are designed for the highly mobile employee, but a contribution from the employer is really needed.

A company scheme can offer far better benefits on early retirement compared with a personal pension, which suffers the full actuarial penalty if the employee retires earlier than anticipated.

■ Is the employee prepared to take time and trouble over pension arrangements? To get the best out of personal pensions an employee needs to constantly review and monitor the arrangements.

In particular, the employee faces an extremely awkward decision when buying the pension.

■ The age of the employee, state of health and family commitments. The older the employee the more valuable the benefits from a company scheme and company schemes offer better value to married than single employees.

If the employee decides to opt out of the employer's scheme, then the considerations are the same as for an employee not able to join a company scheme. If these employees do nothing,

they are automatically in Serps.

Overall, Serps does not provide a generous pension on its own. But because of the structure of the scheme, it can be expected to provide better benefits to employees over age 45, and women over age 40 and far worse benefits for younger employees.

So the rule of thumb is younger employees contract-out of Serps with a personal pension, while older employees stay in.

Employees who have contracted-out should check periodically when they should go back into Serps.

Employees should also note that a future Labour Government could well change the system and make future contracting-out with personal pensions virtually impossible.

But all employees whether in or out of Serps need to effect a top-up personal pension and be prepared to make substantial contributions.

Employees have a wide choice of contracts and underlying investment funds - deposit based, with profits and unutilised funds linked to a variety of equity funds or invested in property or a managed fund invested in a mix of equities, property and fixed-interest.

The self-employed really have an alternative but to make their own arrangements with personal pensions, since they only receive the basic pension from the State.

There is a useful handbook on the subject.

The Personal Pensions Handbook, Marketing Department, Financial Times Business Information, 50-64 Broadway, London SW1H 0DB, £27.50

Eric Short

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TRAVEL

It takes a long time to get used to Bolivia

FAST FOOD is difficult to find in Copacabana, the Bolivian town on the edge of Lake Titicaca. Cooking at 3,400 miles above sea level is a slow process and Gualberto Rodriguez, the owner and chef of Napoles Restaurant, has to light his oven hours before customers arrive. The air circulating in his kitchen is so thin that water only boils at 100°F. Potatoes take ages to cook and it is worth booking ahead if you want chips.

Rodriguez, who practises haute cuisine – literally – recommends trout from the lake or lechón, sucking pig, as his house specialties. He learned the recipes, he says, from the Indian women who come into town each morning to sell fresh fish caught by their husbands.

The female hawkers arrive before dawn in the market, where they sit on the pavement and spread out their fish on shawls. Comfortable in their voluminous dresses and brown bowler hats, they sit for hours waving flies away and chatting in Aymara, the pre-Inca dialect which survives in this part of the Andes.

By midday most of their stock is in kitchens around town and they set off home. A few miles along the lake-shore, the Indians climb into boats and paddle on to the world's highest navigable stretch of water. Their boats, called *chalsas*, are made from one of the lake's natural resources – totora reed – which is also used to build the huts where the Indians live. The Lake Titicaca settlements float on reed beds several feet thick and the inhabitants have to re-lay fresh totora each year to keep their homes from sinking.

With its 18 hotels, Copacabana is a big city for the Titicaca Indians, who rarely leave the region and have little concept of Bolivia's landlocked geography within South America. Until a few years ago they traded only in produce but now local businessmen pay them in Bolivianos for their fish and alpaca weavings.

The desire for spending power means that Indian children are now conditioned by their parents to overcome shyness and beg from every foreigner that appears on the horizon. Some of the 10-year-olds at Copacabana market are so arthritic at squeezing money out of gringos that they deal only in dollars.

At Easter, hard currency collected during the year is pinned to the statue of the Virgin of Candelaria, the patron saint of Bolivia, which is carried through the streets in a candlelit procession. In this part of the country she is also

In the third of his Andean series, Tim Burt explores Copacabana, in Bolivia, and takes a strange bus ride across the Straits of Tiquina, on Lake Titicaca

known as the Dark Virgin of the Lake, and is said to work miracles. Gualberto Rodriguez talks of her healing powers in the same breath as the recovery of the Bolivian economy. (Inflation has tumbled miraculously from around 24,000 per cent in 1985 – a world record – to less than 15 per cent at present).

The most miraculous thing about Copacabana, however, is that no tourist has been killed taking a shower. Most hotels are equipped with shower heads wired up to the main power lines. The water is heated by running it through a live electric spark just before it spurts on to the victim's head. Rubber boots are a good idea if you are not insured against electrocution.

The Hotel Prefectural, overlooking the lake, is less risky. It does not offer hot water and its guests can sometimes be seen heading for the lake

shore with a bar of soap. Copacabana, like its namesake in Rio, has a long crescent beach but few bathers would dare wear the gettings favoured by Brazilian sunbathers.

The main square, a short walk from the beach, is the hub for journeys out of town. Two bus companies – Flota Tiquina and Flota Copacabana – stop there to pick up and set down passengers. The bus companies claim they run a *servicio directo* to La Paz, the Bolivian capital. They say nothing about floating their buses across Lake Titicaca.

The road to La Paz runs straight into the lake 30 miles outside Copacabana. Undeterred, the bus drivers accelerate right up to the water's edge before standing on the brakes. The passengers are then handed on to a flotilla of small boats for the short ride across the Straits of Tiquina.

The bus is handed over to the Bolivian navy – not noted for its sea-faring ability – which loads it on to a wooden barge powered by an outboard motor. The daily service is often delayed when the outboard breaks down, leaving the barge stranded in mid-strait. An engineer is only despatched to fix the motor if the naval commander decides the current will not sweep the bus to the far shore.

Once the passengers are reloaded the bus clings up from the lake on to the 400-mile wide Altiplano, the high plain which forms the shoulder across the Andes. Air-cooled engines come into their own on the road passing the snow-capped peaks of the Cordillera Real. Commercial jets on short hops such as London-Paris sometimes cruise at the same height as the Copacabana-La Paz bus. If the bus crashes you half expect oxygen masks to drop automatically from the overhead panel.

The El Alto suburb of La Paz is depressing. The potholes and ruts in the road are full of litter and dirty water. Many of the roadside buildings have been left unfinished with reinforcement rods sticking out at



James Ferguson

odd angles. However, the suburb is only a dirty rim to the spectacular bowl of the city. The Spaniards chose the site because it offered shelter from the biting winds of the Altiplano. And La Paz has filled up with shanties, markets and tower blocks in the 450 years since the Spanish moved in.

The skyline is dominated by Mount Illimani, the 17,785 ft peak topped by snow even when the temperature in the city climbs into the 80s. The Indians call the breathlessness and headaches of altitude *sickness* *sorocha*, but they have no word for the side effect which besets some tourists: intestinal gases expand with increased elevation and well-fed passengers arriving on flights from sea level are embarrassed to find themselves almost propelled into the city centre on a jet of their own wind.

Visitors, unused to the reduced air pressure are also

disconcerted when usually inert substances, such as toothpaste and soft drinks ooze and explode when opened in the thin atmosphere.

Things calm down after a couple of days, but even then few tourists walking the cobble streets around the cathedral in Plaza Murillo can keep up with the crocodiles of schoolchildren which march along the sidewalks at a double-quick pace. The pedestrian street from Plaza Murillo leads to the main city market where open meat kitchens compete alongside stalls decked with craftwork and silver jewellery.

La Paz is a convenient place to acclimatise but it is not an obvious destination for long-haul holidaymakers. Only 148 British tourists visited the country last year, according to the British Government's international passenger survey, and few Bolivians expect tourism to match ecotourism as a revenue earner.

The climate is too extreme for everyone except the ski

addicts who brave the Bolivian elements for the thrill of skiing the highest piste in the world. The Andean Ski Club of Bolivia at Chacaltaya, 20 miles from the city, boasts two pistes at 16,000 ft. There are usually a couple of foreign skiers on the slopes at weekends but most visitors to the ski station prefer to spectate and enjoy the views over the city to Lake Titicaca.

The view west from Chacaltaya looks across the Altiplano to Chile. Sandy cliffs and volcanoes are visible on the plain which takes 18 hours for buses to negotiate before the car-popping descent towards the Pacific. The unheated vehicles and dirt roads remind passengers that it takes time to get used to Bolivia and a long time getting out of it.

La Paz and Air France fly to Lima, Peru, with connecting services to La Paz. Journey Latin America (081-747-3108) and Twickers World (081-888-6067) organise tours which include Bolivia.

Sitting on the dock of the bay

I STEPPED through the hole in the wall. The jagged teeth of the shored brickwork framed the gap and, on the other side, I found myself in the bottom of a lock. A pair of lock gates, apparently restraining hundreds of tons of water, leaked a steady stream which trickled away beneath me.

This was the dramatic entrance to the National Waterways Museum in Gloucester, one of the many attractions established during the last few years in Britain's rejuvenated docklands.

As an island nation with a long seafaring tradition, the British probably have more than their fair share of docks, most of which have declined and become derelict. Many, such as those in the heart of Bristol, are scheduled for demolition which have since been replaced by more modern, better-placed alternatives and for years city fathers have been turning their backs on what has become a sad and ugly sight.

However, the potential of docks for conversion to profitable recreation has been recognised, and there are now examples all over the country. Gloucester is rarely thought of as being a port, yet once going ships were once able to come right into the city through the Bristol Channel, the River Severn and the Gloucester and Sharpness Canal. It was here that the Victorians established what is now the only surviving inland port from that era, a fine geometrically regular body of water surrounded by 14 brick warehouses, tall, solid and blocky.

One warehouse, Llanthony, has been converted by the British Waterways Board to create an inland waterways museum of high quality. The lively display traces the history of canals from their inception to their demise for almost all commercial transport use, and includes information on their engineering and construction.

I especially enjoyed old film of barges using the canals, and wished I could have seen more. Outside, narrow boats are moored; the canal workshops are still busy, and the stable contains the museum's live shire horse.

A nearby warehouse is home to the Robert Opie Museum of Advertising and Packaging, while the city council has shown its confidence in the enhancement of the docks by converting four warehouses for use as council offices.

In complete contrast to those at Gloucester are the docks at Swansea, or rather the new Swansea marina. This city was once the copper smelting capital of the world, and South Dock was constructed in 1859 to serve this industry. It was to last as a commercial port for 110 years before closure led to decline and decay.

Few of the original buildings remained when the position was reassessed and the construction of more than 1,000 flats around the dock began. Only a few yards away, the sea slops on to the sand of Swansea Bay. The dock could hardly be closer to the coast – very convenient for its new use as a marina. Part of the development includes a fine promenade so that, for the first time in over a century, the city now acknowledges the sea on its doorstep as more than a medium for bringing ships to its port.

There are new shops and restaurants around the dock, which is filled with pleasure craft, but the main heart of town is the Industrial and Maritime Museum. This is a museum in the old tradition, a series of collections rather than an interpretive experience, although it is unusual in having a working wooden mill which sells its output in the museum shop.

Swansea's future centre lies just behind the museum and increases the options for a day's visit to the marina. A single day, though, would not do justice to the attractions to be found around Bristol's docks. The city had a head start on almost every other dock enhancement scheme with the return of the SS Great Britain in 1970.

Bristol's entrepreneurs showed confidence and imagination by turning the abandoned hulk but wary around the world from the Falklands to lodge her in the same dock in which she had been built and launched 175 years before. The city council followed this lead and the rehabilitation of the docks whose fingers extend into the very centre of the city, began shortly afterwards. Unlike Gloucester

dock, which appears all of a piece, Bristol's dock buildings are more varied, or development here took place over a much longer period. While some were deemed beyond repair, others have been put to good use.

The city's industrial Museum, a library, an arts centre – the Arsenal – and the Waterside TV and video theatre are all significant developments in permanent use and an open-air exhibition hall have been created from other warehouses and host such events as the annual wine fair.

The dock is always busy, either with commercial leisure craft, and I watched a dredger lumber laboriously upstream, hooted at the wing-bridge operator, mark time while he barred the road and opened the way and then squeezed through what appeared to be an impossibly narrow gap to continue on its way.

The 250-year-old shipbuilding tradition continues, too, with the refurbishment of square sailed tall ships, a delight for the idle dawdler. And although every part is within easy walking distance, a ferry service calls at various stops round the docks, thus attending to the needs of the sea dog whose desire to get a moving dock underfoot is inflamed – yet at the same time frustrated – by the sight of all those craft, private and unlovable, moored around the quays.

The Great Britain is much restored. Masts and rigging are in place, the hull has been scraped and painted and the interior has been considerably repaired. A new Maritime Heritage Centre run by the city council acts as an introduction for the Great Britain and describes in detail the shipbuilding heritage of Bristol docks and the problems presented by the tidal Avon Gorge, which finally prevented access by larger craft and led to the construction of a new port complex downstream at Avonmouth.

Michael J. Woods looks at history through a visit to British docklands

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ALL AFRICA 1st Class, 2nd Class, 3rd Class, 4th Class, 5th Class, 6th Class, 7th Class, 8th Class, 9th Class, 10th Class, 11th Class, 12th Class, 13th Class, 14th Class, 15th Class, 16th Class, 17th Class, 18th Class, 19th Class, 20th Class, 21st Class, 22nd Class, 23rd Class, 24th Class, 25th Class, 26th Class, 27th Class, 28th Class, 29th Class, 30th Class, 31st Class, 32nd Class, 33rd Class, 34th Class, 35th Class, 36th Class, 37th Class, 38th Class, 39th Class, 40th Class, 41st Class, 42nd Class, 43rd Class, 44th Class, 45th Class, 46th Class, 47th Class, 48th Class, 49th Class, 50th Class, 51st Class, 52nd Class, 53rd Class, 54th Class, 55th Class, 56th Class, 57th Class, 58th Class, 59th Class, 60th Class, 61st Class, 62nd Class, 63rd Class, 64th Class, 65th Class, 66th Class, 67th Class, 68th Class, 69th Class, 70th Class, 71st Class, 72nd Class, 73rd Class, 74th Class, 75th Class, 76th Class, 77th Class, 78th Class, 79th Class, 80th Class, 81st Class, 82nd Class, 83rd Class, 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TRAVEL

THE WARNING to the world crawled in last-clip you at the Czechoslovak tourist office in Bond Street, London — no hotel accommodation in Prague until October — tells part of the story about eastern Europe. Everyone wants to go, at least to the bits they have heard of. It would cause more astonishment to disclose an intention of holidaying in Littlehampton than of heading East.

The significant change, from the tourist's standpoint, is that one can now decide to travel to get off, arrive, follow one's nose. All that is needed are visas, the means of locomotion, fair measures of flexibility, determination, and resourcefulness, and adequate cash. This is my comforting assumption. By the time I return from a trip through Poland, Czechoslovakia, Hungary, Romania and Bulgaria (with, perhaps, a touch of East Germany thrown in) I should be able to comment on whether it was justified.

Thus far it has been straightforward, although I should, perhaps, add that, at the time of writing, I have not yet left England. All I have actually had to do is

Here we go gathering visas in May

Tom Fort eschews the joys of Littlehampton, in Sussex, for eastern Europe

to garner visas. I began at the Hungarian consulate, where the queue was long but the forward movement rapid. I paid £12, and the visa was ready the following day.

At the Polish consulate the queue was equally long, but did not advance at all. While I was there, I went instead to the travel agency into which the Polish tourist office appears to have been subsumed. They were immensely kind, obtained both Polish and Czechoslovak visas, and charged me \$70.

For all these, I had to fill in detailed forms (the Bulgarian visa is still awaited). The Romanians have dispensation with such details. In an entirely unhelpful way they showed no interest in me or my intentions; just in the £30 note I proffered. It was taken at speed, and their side of the bargain discharged in a trice.

Good luck to them, I say — although ex-King Michael might say differently. There have been interesting differences, too, in the responses of the tourist offices to my requests for help. The Hungarians were too busy to do anything at all. The Poles were interested in selling, not in charity. The Czechoslovak girl was harassed (by those unable to believe that Prague could not, or would not, welcome them), but had time to dig out an essential telephone number in the capital.

Most poignant was the situation at the East German office, where nothing was happening at all. East Germany is the only one of these countries which will not give a tourist visa unless one's accommodation is paid for in advance. Since only the biggest, most aggressively modern and most expensive hotels are

available, there are no takers. By far the most helpful have been the Romanians and the Bulgarians, providing addresses and telephone numbers, dispatching faxes and other messages, providing guides and advice aplenty. If only a fraction of this effort is mirrored on the ground, I shall do well.

Despite the smoothness of much of the planning, I would not say I was relaxed about things. I have been waking early, trying to decide what to worry about first. There has been no shortage of competing subjects. The car — when and where will I first break down? Security — what do I do if everything is stolen on the first day? Money — do I really need a money belt? Health — how many pills can I take without being arrested as a trafficker in medicine? My wife and children — will they

miss me too much? Or at all? If I were a true traveller, a Norman Lewis, a Chardin, a Leigh Fermor, a Thubron, I would laugh easily at such nonsense. The truth is, I'm not. It is 30 years since I wandered through Turkey and Iran, growing a beard, sleeping on floors, smoking dope. Since then I have been the quintessence of conservatism in my travelling.

So, the essential question is: am I up to it? The next 3½ months should provide some sort of answer. And what you may be wondering, is the point of it all? I almost forgot to say: I am going fishing. I can't think of a better reason for putting myself through all this. In fact, I can't think of any other reason.

Tom Fort will be sending reports from Eastern Europe to the Weekend FT.



In search of the Khmer god-kings

Susan Moore explores magnificent temples on the edge of the Cambodian jungle

"If you hear gunfire, do not be alarmed," our Cambodian guide reassured us. "It is only the soldiers shooting at mosquitoes."

WE HAD JUST landed on the tiny airstrip at Siem Reap, some 100 kilometres south of the Thai border, courtesy of a small and sweltering Soviet-built turbo-prop. (Or was it courtesy of the *Asse Marins* inscribed on the paper fans considerably supplied by Saigon Tourist?) The place seemed strangely still, given that it was, technically at least, a war zone.

A mother and child stared at us through the translucent heat from the doorway of a shack in the next compound. One or two soldiers moved languidly between patches of shade. Otherwise nothing moved. We had been deposited on the edge of the Cambodian jungle in search of Angkor Wat, the largest and one of the most magnificent temples in the world.

The very idea of Angkor Wat is haunting. It survives surprisingly intact as the crowning achievement of a lost civilisation. Its rediscovery is the stuff of fiction. The Khmer god-king Suryavarman II erected the monumental stone edifice as a funerary temple dedicated to Vishnu, whose representative he was on earth. Its moated rectangular outer walls run three metres high for more than 10km. The west front of the temple proper extends 255m. Bas-relief carvings of extraordinary detail can be measured by the kilometre.

Contemporary with the great medieval cathedrals of northern Europe, but far more ambitious, Angkor Wat's pyramidal mass of five central towers — surrounded by three tiers of the sacred Mount Meru in Hindu cosmology — soar, by coincidence, to the same height as the tower of Notre Dame.

In the 15th century the Thais sacked Angkor and raised the wooden city to the ground (only the gods were spared). A century later the city was abandoned and returned home with them, including the royal corps de ballet. The Khmer court shrunk back to Phnom Penh and reestablished the city as its capital. Angkor's temples and its highly sophisticated system of canals and waterways were claimed as the last remnants of a lost world until an astonished French naturalist, Henri Mouhot, came upon the fabulous ruins in 1860.

Angkor Wat impresses with its scale and disposition of mass. From long, low limbs which stretch out to cling to the earth, a costly articulated sequence of vast galleries terraces climbs backwards and upwards to culminate in five grey terminal towers. Four of these flank the central peak, each curved and cut into a diadem. Pairs of bejewelled spirals — graceful trophies taken from the enemy — dance along the length of the walls. Every surface is decorated,

even when it cannot be seen, but never does the detail detract from the perfectly balanced whole.

While Angkor Wat appeals to our intellect, the Bayon, the royal temple of the city of Angkor Thom, plays to our imagination. It is a chaos of towers and crumbling niches covered masonry. Its red-brown sandstone seems rooted in the jungle, encircled by woodlands which insist on creeping in.

Only gradually do you realise that here the great serrated diadem towers that rise all around you are carved on all four sides with the same smiling face of the Buddha. That face is also the likeness of Suryavarman's successor Jayavarman VII, the mightiest of the four Buddhist Khmer rulers who took the cult of the god-king to the point where he believed himself a living Buddha.

Wherever you turn you meet this megalomaniac's impassive smiling gaze. As you begin to explore the Bayon's labyrinthine corridors, the building becomes increasingly fantastical. On the steep climbs up and down to the three successively higher and smaller terraces you are one moment plunged into gloom, the next dazzled by light. You pass paths and doors which lead nowhere. Suddenly you pop out blinking on to the upper terrace, and find yourself face to face to face — and face to face, again and again — with the hypnotic Jayavarman. The terrace is crowded with these towers hewn out of great blocks of stone. From the ground you see his sculpted features on 54 peaks 45m up. Here, each visage looms before you 2m high.

Jayavarman himself smiles enigmatically from above the cavernous south gate to Angkor Thom, one of the most spectacular feats of the Khmer sculptors. A legion of crouching almost-eyed giants form the balustrade to the great causeway before it, gripping in their arms the body of a monumental seven-headed serpent. On the other side, another serpent is in the grip of great demons. As at Angkor Wat, the moats and lakes have been drained, and flourishing instead are banks of delicate blue water hyacinths.

Since the Vietnam war made Angkor all but unvisited, access is still restricted, and the only way in is through Vietnam. There have been sporadic rumours of damage suffered by the monuments, from American soldiers flooding the market with Khmer sculpture to Pol Pot's iconoclasm and Vietnamese soldiers using the cities and temples as firing ranges.

From the evidence of my own eyes, mercifully little destruction has been perpetrated at Angkor Wat and Angkor Thom — at least to the small parts of which we were able to see in the three short hours we had. (Let us hope that the Indian archaeological team currently restoring Angkor Wat and



A Khmer carving at Angkor Thom, Cambodia

cleaning it with ammonia knows what it is doing).

The fate of Angkor's smaller and more remote sites is harder to ascertain. None can be visited. I asked our guide if it would be possible to visit Banteai Srei, 35km away, perhaps the most perfect and certainly the most elaborate of the smaller temples. "Yes, it is very beautiful," he agreed, "but there you will find the artillery."

At Angkor you are acutely aware of the march of the jungle. Five years it was kept at bay by teams of French archaeologists, sparing at least the major monuments. Happily, the rhythmic swish of machetes hacking the undergrowth still breaks the silence of the march of the jungle. Five years it was kept at bay by teams of French archaeologists, sparing at least the major monuments. Happily, the rhythmic swish of machetes hacking the undergrowth still breaks the silence of the march of the jungle. Five years it was kept at bay by teams of French archaeologists, sparing at least the major monuments. Happily, the rhythmic swish of machetes hacking the undergrowth still breaks the silence of the march of the jungle.

silf-cotton trees will increase their crushing stranglehold on the stones. They will not survive if left abandoned.

Three intense hours at Angkor is precious little. But three hours is better than none when there is no guarantee that access will improve in the near future. Our quality of time there compensated for the lack of quantity. The sites were deserted save for us, a few soldiers in vivid leaf green and the locals in sarongs and coolies hawking for the restoration project. One day they will be there in droves hawking cans of Coca-Cola.

■ Susan Moore travelled with Swan Hellenic on a 22-day Art Treasures Tour of the Temples of South East Asia, to Thailand, Java, Bali, Vietnam and Cambodia. Groups travel in October and March, at prices from \$2,895.

The Barnais: loyal to themselves

THE SHEEP were the giveaway — tens of thousands of them on the more south than the north side of the French Pyrenean border. It had to be May, when the vast flocks of the Barnais start their two-month journey to the high Pyrenees, visibly fattening as they graze along the sheep tracks on the way to the Spanish border.

Come June they would be in the mountains, the western Pyrenees, herded back and forth across the border by tough little lhabris, the wire-haired Gascon equivalent of a corgi. Their shepherds would not see home again until October. Their milk would go to the production of Roquefort, the aristocrat of cheeses, their wool and meat to the peasants.

It has been this way in the Barnais for centuries. Proud, Protestant and Gascon-speaking, autonomous until the Revolution, the Barnais are used to isolation. In other parts of the Midi the transhumance — seasonal movement of livestock between mountain and lowland pastures — is these days often conducted by lorry, but not here, where the roads there are follow the sheep tracks and end against the 9,500 ft peaks of the western Pyrenees.

Unlike their Basque neighbours, with their unshakeable combination of nationalist passion and impenetrable language, the Barnais are — well — stolid. This is the last French regional tongue before the border, and it punches rather than hisses. You gain the idea that little impresses them. Be it a Paris number plate or a Brussels bureaucrat.

Los Barnais, as the older ones call themselves, may be stolid but are at least loyal, first to themselves, then to their commune, and finally to their region. Europe and the French State come a poor fourth. For here the hills belong to the communes rather than to individuals, and their grazing rights on these rolling hills are written into the Constitution.

That is one thing that singles the Barnais out from the rest of the Midi. At Avignon, Arles or Aix, avarice rules the roost. They can always be relied on to grab the last hectare and exact the final sou. Further west this selfishness gradually changes until you get south of Pau, among the Barnais communes of the Aspe, Osean and Barrous valleys, when it disappears altogether.

The other thing that singles the Barnais out is the sense of space. Not even in the Auvergne, or high on the Causses, do you quite get the airiness and light that the green hills of the Barnais present. The rain and the mountains have much to do with it. The flat, August heat of the Bouche de Rhone does not exist here. At Pau you can breathe, as you cannot at Avignon.

Perhaps that is why the town proved so popular as a health resort among the 19th century English, who brought golf, steeplechasing and, above all, hunting to Pau, and left their stamp on the Barnais capital much as they did on spas from Biarritz to Leuchers. Well before the English colonised it, this elegant garrison town — technically in Navarre — was the centre of fierce rivalry between competing Catholic and Protestant factions, so much so that Louis

Roger Beard
inhabits the stolid in the French Pyrenees

XIII was officially forced to declare it Catholic in 1620.

What the Barnais made of Louis or the later English is not recorded, but memories here linger for centuries. Those shepherds taking their sheep on the transhumance number among them descendants of the 18th century. Other heretics who defied organised religion with suicidal stoicism, to be finally crushed by a northern, Roman Catholic army.

For the true feel of the Barnais, you must turn your back on Pau and head towards the mountains with their sparsely populated pastures, and the scattered no-man's-land villages of the Aspe and Osean valleys. Mylie in the summer, the winters are a harder time. Once the sheep have left the Pyrenees becomes a dark and lonely terrain.

The Aspe and Osean rivers meet at Oleron-Sainte-Marie, a small town south-west of Pau. Its 13th century cathedral boasts a doorway alive with medieval imagery. Built by a returning crusader to celebrate the taking of Jerusalem, it is a three-dimensional monument to the daily life of the Barnais peasant... the mundanes carved in marble.

Hunting wild boar, fishing for salmon, making cheese, preparing ham or picking the Jurançon grapes, little has changed over the centuries, and the portal at Sainte Marie is as valid now as the day it was made, except that they now grow mainly where once they grew wheat.

The Aspe valley was once a smugglers' paradise, its road the only one over the central Pyrenees open all year. At 5,400 ft, the boiling altitude for a Mini Traveller, the Col du Somport links France with Spain. Roman legions tramped through here, as did the pilgrims on their way to Santiago de Compostella. The only noise today is the warning whistle of the mountain marauder in the Pyrenean National Park. If you are very lucky, you may even spot a brown bear.

They haunt the woodlands of the Aspe, protected by the national park wardens and the 5,000 montagnards who still choose to live there. As Europe's last bears, they are very special.

The Osean valley shows the park in even greater splendour, leading up to Le Haut Ossau, a wild, chaotic place where your first need is a pair of boots and a proper clothing, before you join the mountain goats. You can stay at Gabas, where they make brebis cheese, or — for the truly adventurous — there are several mountain refuges.

Haut Ossau is not for the faint-hearted, but the reward comes in the views of what is western Europe's most spectacular mountain range, the great granite curtain of the Pyrénées. The camera cannot do it justice, and this is the place to see it from — overshadowed by the 9,500 ft Pic du Midi, visible from as far away as Pau but overwhelming from within the Haut Ossau itself.

Ossau has a unique system of grazing rights and land ownership dating from the 11th century and enshrined in French law for over 150 years, shared with the two other mountain valleys. The high pastures are owned, shared and rotated among the three communities.

Finally there is the wine, grown on the left bank of the Pau river. If you can find it, try the late-growth, sweet white Jurançon where the grapes are traditionally picked after All Saints Day. It goes perfectly, or so the locals say, with foie gras.

A bigger, better brainwave

I HAVE seen the future and they are trying to make it work. Midway between Disney World and downtown Orlando in the heart of Florida they are building — yes — another theme park.

You may think central Florida needs another multi-million-dollar tourist attraction as much as New York needs another skyscraper. You cannot move in that region without being ambushed by Magic Kingdoms, Epcot, Sea Worlds, Gator Jungles and Weekes Watchees. But this new brainwave, opening on June 7, may be something special for it brings to the East Coast an expanded version of Universal's popular Hollywood studio tour and it is being looked on as the first serious assault on Disney's theme-park supremacy in the area.

Universal Studios Florida, which will also function as a fully-equipped movie-making facility, is twice as large as its rival down the road, the new Disney-MGM studio theme park. Spread over 220 acres, with 220 more to develop on its chunk of land south west of Orlando, it cost \$500m against Disney's \$400m. It also boasts more rides and attractions. Or will do, once the management gets them to work.

The park's opening date, long featured in American TV and movie advertisements as "May 1990," has now crept into June. (Indeed, the billboard at the front gate changed overnight: I watched it happen

from my hotel. And when I was given a personalised tour on May 1, neither for love nor money could I persuade Universal to put me through rides that were still testing the "Konstantation" or "Earthquake."

In the first of these your Roosevelt Island train is scheduled to be wrecked by King Kong, who will growl at you in Dolby and swell you in Audimax while breathing authentic banana breath. In

Nigel Andrews
has seen the future — and he's going back there

the second, your San Francisco train will experience 8.3 on the Richter scale and Charlton Heston on film will tell you how to cope. (Someone at Universal has had some bad experiences on public transport).

Other major attractions will include an "ET Adventure," a "Jaws Experience," a "Back to the Future" time-trip and a "Ghostbusters" spectacle. Happy studio employees were allowed to play guinea pigs on these shows while I pressed my nose to the glass. It was frustrating, except in the case of Ghostbusters. Here, pressing your nose to the glass is all that is required. On a raised, glassed-in stage the spook-baiting female to Ghostbusters is re-enacted with stumblers and

special effects, and the ghostly monsters are ingeniously created by reflection and lighting. (The "real" monsters crouch on an unseen stage above the audience's head.)

The jury may still be out on most of the rides, but I can vouch that the combined backlot cum theme-park at Universal is more spectacular than that at Disney-MGM. Like Disney, Universal has built a replica of Hollywood Boulevard circa 1930, complete with sidewalk studded with the names of stars and shop and restaurant fronts that invoke great movie-era memories, like the Brown Derby and the Beverly Wilshire Hotel. (Yes, I know neither of these is actually on Hollywood Boulevard. But why quibble? This is fantasyland, Florida.)

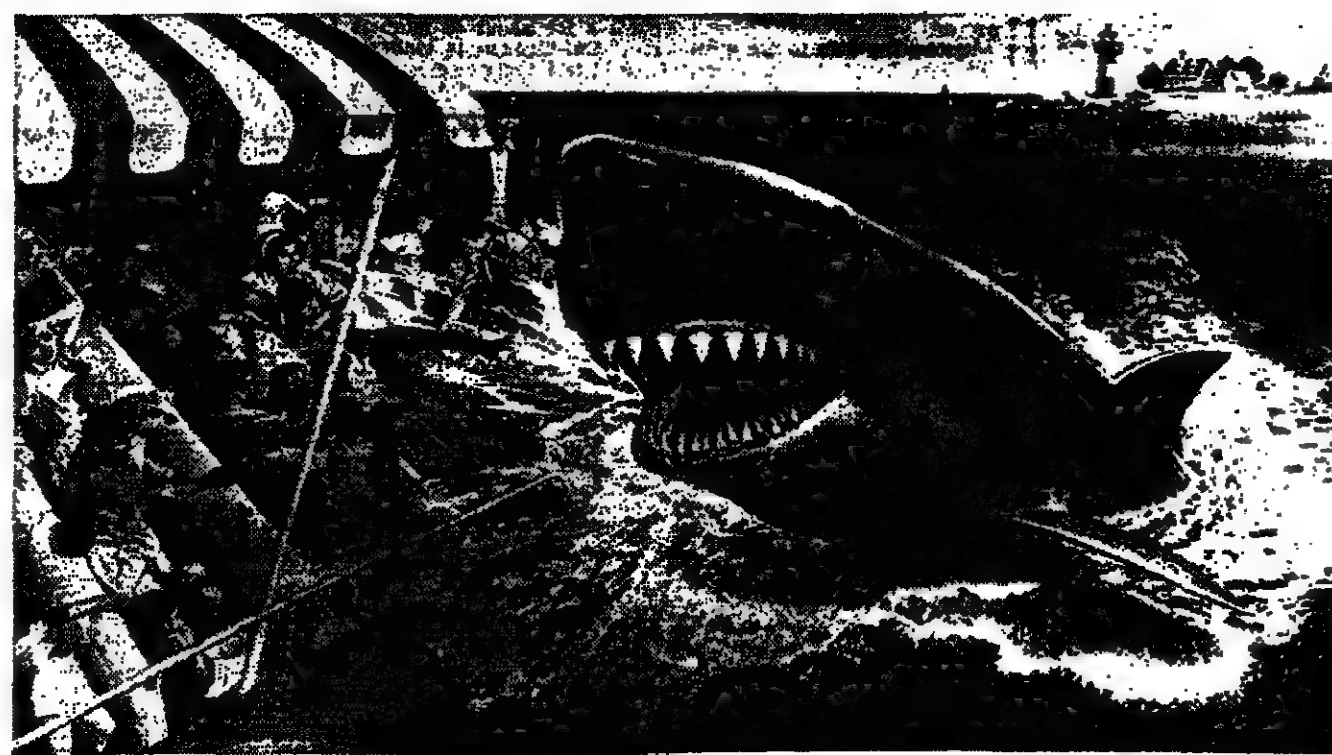
Universal's backlot facades are built close to scale, unlike Disney's trimmed-down Toy-town versions, and the ground and first-floor rooms have been made large enough to film on. Indeed, they already are being filmed on. Universal opened for shooting business 18 months ago and has already played host to movies like *Parasite* and *TV series like Superboy*.

Other make-believe townscapes were up and running when I visited. Separate areas are devoted to New York and San Francisco. An "Amity Island" fishing neighbourhood, complete with salt-box houses and freshly hanging shark corpses, has grown up around the waterway where Jaws will snap at tourists. And a Psycho

house painted in incongruous Florida pastel stands on a hill, ready to spook tourists and to host cast and crew for the impending *Psycho IV*.

I was shown round all this by an enthusiastic PR man and former Disney employee, whom I had met unspectacularly last year when, dressed as a bank robber, he jumped from my train on the Disney-MGM "Great Movie Ride." At times I felt I was being mugged again here. "This is a really, really funny attraction," he chuckled, or "This is a great show," as he showed me yet another entrance to a ride I couldn't ride. The "ET Adventure" was especially tantalising. I marvelled at the way the "pre-show area" (Orlando speak for queuing area), has been designed as a giant redwood forest with singing birds, twinking hares and twit-tweeting owls. Apparently, as composer John Williams of *Star Wars* and *ET* has written music specially for this area. Perhaps I could hear some of it?

But I was whisked through the four interconnecting theatres where tourists will be shown the art of movie-making, from special effects and make-up to sound and editing. I also peaked at the Alfred Hitchcock Theatre, where on a stage gloriously adorned with the Bates Motel and a scaled-down Psycho house, audiences will be allowed to participate in the shower sequence. Later, in an adjoining hall, they can also interact with scenes from



The Great White Shark is back — at Universal Studios Florida — albeit in model form

Rear Window, *Strangers on a Train*, *Vertigo* and *Schindler's List*. You never fallen from the top of the Empire State Building? You really should try it.

Elsewhere, men in hardhats and boiler-suits hammered and welded all around me, trying to finish off the park before deadline day. One man soldered a sheet-metal Africa to the wrought-iron Universal Pictures globe that lords it at the park's entrance. Another chis-

elled away at the fin of a hanging shark. A third was wrestling a cartoon forest into place for the Hanna-Barbera attraction, where kids in flight-simulator seats will be taken on a hold-your-stomachs trip into Cartoonland.

Studio chief Norman Rice, who is vice president of the Florida operation, believes the movie-related theme park is the next generation in attractions. It is also, for a Universal

Pictures 75 years old this year, a reminder of the company's origins.

"Back in 1915," says Rice, "our founder Carl Laemmle used to have visitors in to watch the day's filming. They'd sit in bleachers, they'd be given box lunches and they'd laugh or cheer at the action. Then when sound came in, of course, that had to stop."

Well, it stopped for 50 years. Then Universal opened its Hol-

lywood studio tour in the mid-70s, on which you could occasionally glimpse real directors yelling at real actors. There will be more of this at Universal in Florida. Or so they promise. I shall believe everything they say. It includes those rides they wouldn't take me on. Watch out for my next visit, gentlemen: I will be armed with tape recorder, video camera and my \$30.74 entrance fee (children \$24.29).

FOOD & WINE



Dave Williams, owner of Richards of Soho, with his staff

The end of the line

Nick Lander on the fishmongers that got away

FOUR LONDON fishmongers have closed recently. Will we, the consumer, pay the price? These are sad days for any Londoner keen on fresh fish. Three fishmongers have closed in Highgate, Camden Town and Kilburn High Road - and today Richards of Soho rolls down its shutters for the last time after 35 years. The building is to be renovated and when it reopens it will be just what central London is crying out for - another eatery.

Richards' closure is particularly sad as it signifies another twist in Soho's changing fortunes. Soho used to be the one area of London where you could get well and often unobtainable elsewhere in the capital. In the introduction to her early books the food writer Elizabeth David always mentioned that if you had trouble with any of the ingredients a trip to Soho would suffice.

In less than half a mile you could buy fish from Richards; fruit and vegetables from the market stalls in Rupert Street; pasta, herbs, salami and cheeses from the Italian delicatessens; meat at Búnico's; coffee or tea from the Algerian Coffee Stores; and petiscerie at Maison Béraux or Valérie.

Búnico's closed in 1986 and the site now sells Tahiri's and while the other businesses continue, more rent reviews loom - to the concern of their proprietors: selling highly perishable goods on slim margins does not make the prospect of huge rents increases too attractive.

These food shops and Soho's restaurants fed well off each other. Over the years Richards has been out many a restaurant which has sold more fish at lunchtime than it envisaged. As fish wholesalers start work so early, they are closed by lunchtime and frequently kitchen porters have been sent round to Richards to buy a

stone of Dover sole, turbot or red mullet to see their restaurants through the evening service.

Richards' closure will mean that chefs will have to be more careful and customers may suffer. But the story behind the closure of Richards tells a great deal too about our eating habits.

In October 1989 the freehold was for sale. Richards' directors Frank Williams, who has been there since 1956, and his son, David, made an offer which was totally ignored. A month later the property was sold on, at a profit of £50,000, to United Property Investment. A visit from their new landlords informed them that there would not only be a large rent increase, of 400 per cent to £80,000 per annum, but that the building required considerable expensive renovation to meet their requirements.

With only five years of the lease left to run, and the fish retailing business unable to generate the profits to fund this spending, the directors decided to accept the property company's cash offer to give up the lease early.

David Williams hopes to use this payment to find a new property from which he can sell fish profitably and with the right refrigeration for the 1990s.

Fish retailing by individual fishmongers is however caught in a vicious economic circle and it is this which has caused so many fishmongers up and down the country to close. The problem is that in this country we still think of fish as a cheap food. We are not prepared to pay good money for good fish and consequently fishmongers are forced to sell their fish at unsatisfactory margins.

On small profits fishmongers are unable to invest to make their shops look more attractive; no effort is put into filleting the fish or trying to make it more customer friendly; refrigeration is minimal and dis-

plays poor. Misable to look at fishmongers discourage us from spending time or money in them. Takings are poor and the circles go round to our loss. The beneficiaries of this national negligence are those on the Continent, predominantly the French and the Spaniards, who are prepared to pay a vastly higher price for our fish.

Every day containers of our very finest fish, from ports in Scotland to south west England, cross the Channel. While it earns export pounds it is at the expense of a product which is considered to be exceptionally good for us. A variety of ways. One reason that the Continent will pay a higher price for their fish is that it is presented to them so attractively.

Fishmongers are expected to add value to their fish - either by filleting, smoking or just ensuring that the fish is very fresh - and their customers will pay for this fragile commodity. It is not just the expensive fish. Try a *roue des poissons*, a mix of ling, whiting and cod rolled like a strudel of beef and tied. Roasted for 30 minutes with white wine, salt and pepper it makes a wonderful meal but it is something I have never seen in the UK, although all the varieties exist here.

According to the Seafood Industry Authority in Edinburgh strict EEC quotas on cod and haddock in particular, designed to preserve fish stocks, are not making fishmongers' lives any easier. The price of cod, a barometer of fish sales, has risen by more than 35 per cent at the quayside in the last 15 months because it is in such short supply. Since the early 1970s, on very impressive figures, the number of outlets selling fresh fish in this country has declined by 4,000. There are only 1,500 traditional high street fishmongers in the country and only one in the whole of London's West End, in Selfridge's food hall.

Cookery

Fast food, with a dash

AFTER A long day's work you arrive home feeling tired and scruffy. The idea of having to spend much time cooking dinner is so unappealing that it almost succeeds in killing your appetite. Also there is the appetite of your loved one to consider...

With such occasions in mind, here are two recipes that should not oppress poor cook unduly. Both are for chicken and in both cases the meat will benefit from a lengthy marinating time. So shop ahead and put the chicken to soak the night before or first thing in the morning before you leave home, and you will reap the rewards of your forethought when dinner time approaches. Then there will not be much slaving to do, just a few minutes' light task and the oven will do the rest while you relax and prepare yourself to accept the compliments that are the chef's due.

Bread is the only accompaniment either dish needs but, if cook's stamina is not flagging, rice and green beans are even nicer with Coriander Chicken, and new potatoes are particularly good with the other dish. Although I have written these recipes for serving two, both recipes are well worth inviting friends to come and share. Simply multiply the ingredients to serve four or six people.

The first dish with its sunny Mediterranean flavours is my own. The second more delicately flavoured recipe is an adapted and simplified version of a delicious dish devised by

Lucy McIndoe for Fines, the fine foods shop and home caterers of 4 Elystan Street, London SW3.

BAKED CHICKEN WITH COURGETTES, TOMATOES & HERBS

(serves 2)
2 part-boned chicken breasts weighing 13-14 oz in total; 1-2 lb courgettes; 2-3 small ripe tomatoes (there are some good ones from the Canaries on sale just now); olive oil and lemon juice; fresh mint and chives.

Pre-heat the oven to 180°C (350°F). Wash and dry the courgettes, tomatoes and herbs. Cut the courgettes into 1/2 inch slices and the tomatoes into 1/2 inch cubes. Chop the herbs finely. Mix the courgettes, tomatoes and herbs together. Drizzle with olive oil and lemon juice. Marinate for 2 hours.

Pat the chicken dry. Rub with olive oil. Place the chicken in a shallow dish. Pour the marinade over the chicken. Bake for 20 minutes.

When ready, turn the chicken skin side down in the dish and bake for 25 minutes at 180°C (350°F) gas mark 7.

Slice the courgettes. Skin and chop the tomatoes into small pieces. Lift the chicken out of the dish and stir the vegetables into the lemony, oily chicken juices. Put the chicken skin side up on a rack on top of the vegetables and season the skin with salt and pepper.

Return the dish to the oven and bake for 15 minutes more. By the end of this time the

chicken should be succulently cooked and golden skinned, the courgettes should be al dente and the tomatoes should have pulped down to make a sauce. Stir a tablespoon or two each of fresh chopped mint and chives into the vegetables and serve.

New potatoes steamed in their skins go well with this dish. I cut them into chunks and mix them with the courgettes just before bringing the dish to table so that they sop up some of the fragrant sauce.

CORIANDER CHICKEN

(serves 2)
About 9 oz chicken breast fillets; 2 tsp whole coriander seed; a bunch of fresh coriander; 1 x 225 gram tub of Greek strained yogurt.

Toast the coriander seed in a dry frying pan until deliciously aromatic. Crush it to a powder with pestle and mortar and tip it into a shallow dish or baking tin. Add the yogurt and the fresh coriander. Mix well.

Separate the small fillet from each chicken portion, and cut each large fillet into two or three pieces of similar size and thickness. Put the chicken into the dish and turn each piece to coat it with the spicy yogurt mixture. Cover and leave to marinate in a cold larder for four hours or more.

When you are ready to cook, lift the chicken out of the marinade, scraping each piece so that most of the yogurt mixture falls back into the dish. Using a non-stick frying pan and medium heat, barely colour the chicken on both sides.

Return the meat to the dish. Season it quickly with salt and pepper and push it well down into the yogurt. Cover tightly and bake at 350°F (180°C) gas mark 4 for about 40 minutes until the chicken is tenderly cooked and the sauce is thoroughly hot. Turn the chicken and stir the sauce once as it cooks, if you are in the kitchen.

Just before serving, check seasoning, stir the sauce again and scatter with more fresh chopped coriander leaves. Rice or nan bread and green beans are my favourite accompaniments.

Philippa Davenport

CLARET is the red wine that most serious British wine drinkers prefer, but at the higher levels it is becoming expensive, with the opening prices of the lesser classed-growths and the better-known crus bourgeois at around £100 a case for wines that may take a decade or more to mature fully. However, the great virtue of Bordeaux is that agreeable, drinkable wines can be found at all levels, and one of these levels, comparatively neglected here, is the Côte de Bourg that I visited recently.

It is the middle one of the three wine districts that line the Dordogne and the Gironde between Libourne in St Emilion and the approaches to the open sea. (The others are Fronsac and the Côte de Blaye.) It is a good-sized area, with 3,700 hectares under vines, much larger than Fronsac's 750 ha but much smaller than the Côte de Blaye's 10,000 ha. It is a real Côte, with vineyards covering the often steep slopes of the attractive folds of hills that tend to die away to the north and east, although there are also plateaux.

Although Bordeaux is only 20 miles away it is another world. Its merchants take care to pick up a local broker to pilot them through the narrow roads and lanes that lead to modest châteaux that often do not even advertise their names. Where they do they may signify little to all but the initiated and the regular customers who order by *vente directe* from all over France.

It is a one-crop district - wine - and although until 30 or 40 years ago there was an unofficial classification that ran from *premier cru bourgeois* down to *cru artisan*, in today's bible of Bordeaux, *Cocks et Fera*, they are all "principal growers." However the official appellations *contrôlées* are the equally-ranking Bourg, Côte de Bourg or Bourgeois.

The small amount of white produced from Sauvignon, Démission, Colombard and Ugni-Blanc is usually labelled Côte de Bourg to distinguish itself from plain Bordeaux Blanc or Entre-Deux-Mers, the main appellations for other dry whites.

The whole authorised delimited area is completely planted up. The basic permitted yield is 50 hl for the red and 60 for the white. (1 hl = c. 1100 dozen bottles). In a broadly described "good year" a further 20 per cent may be allowed - but with the risk that it turned

down a grower's crop is decimated and destined for distillation or vinegar.

For the 1989 vintage, the permitted yield in the far more prestigious, expensive Médoc across the river was higher than in Bourg.

The make-up of vines in the vineyards varies, but it is very much Merlot country, with some châteaux having up to 75 or 80 per cent. After that Cabernet-Sauvignon predominates, with a smaller contribution of Cabernet-Franc, and in some "wineries" the two together may even exceed the proportion of Merlot. A traditional grape in the area was the Malbec, which contributes fruitiness and bouquet to the final blend and is not very tannic.

Subject to frost it is generally not being replanted, although some of the properties I visited still retain a substantial proportion.

Bourg wines are less tannic than the Fronsacs, and usually have more character than the Blayes. They are fruity, full-bodied and with plenty of flavour. Yet they are not *surcous* and need time; at least five years, and the best bottles I drank there were 79's, 78's and one 76.

As might be expected it is a district of small producers in the Côte's 15 villages. Of the 300 growers in all 700 are members of one or other of the five co-operatives which together make 50 per cent of the total crop that averages 150,000 hl,

but in 1988 and 1989 topped the 200,000 hl mark. There is generally no lack of Bourg wine. Although there are more than 300 independent growers who bottle and market their own wine, no more than 30 farms, more than 10 ha. The soil is mostly clay and chalk, but there is more chalk and gravel on the "inland" slopes in such communes as St Trojan and Pugnac. It is claimed that the more gravelly parts produce the best, finer wines, but in these times of fast technical developments, most depends on the ability of the wine-maker, who is usually the owner.

Until quite recently nearly all Bourg wines were shipped in casks without a château label. They were often used as *surcous* to add a certain quality to generic Bordeaux Rouge. Today at least 80 per cent is sold in bottle with a château label, although the co-ops continue to sell partly in bulk. About 70 per cent is sold by direct mail, which has

developed greatly within the last 15 years, when clients all over France have increased their interest in having their own "private" suppliers.

Most have mailing lists of about 5,000 customers who buy an average of five cases a year, but the Pugnac co-op showed me a record of 47,000 orders last year from 24,000 private customers. *Vente directe* is certainly the main stay of the Bourg trade coupled with export, with Belgium as the main market followed by Denmark and Holland. Some châteaux sell as much as 70 per cent of their crop privately.

The vineyards to buy now are 1985 and 1988, although the 1989s are in course of bottling. Very few of the châteaux sell as *premier* though this may increase, and I sampled some excellent fruit 1988's. A Merlot year in Bourg, though elsewhere mainly a Cabernet one. The 1988s make soft, easy drinking, and 1989s, if obtainable, can be very attractive and well-balanced.

In a district with so many properties and no classification it is impossible, on the basis of a five-day visit, to produce a reliable list of recommended growers although I probably visited some of the best. Among those I visited or tasted that I mention here, I have marked with an asterisk those that I particularly liked, but all made attractive wines: La Barde*, Brulacelle, La Croix, Milorit, Fougas*, La Croix

David, Haut-Macq*, Haut-Mousseau, Clos du Noctaire, with fine vineyards overlooking the river, Nodot*, Lidoine, Mercier* (for its prestige cask), du Parc, de la Grève, Roussel and Taysac*.

Where to buy them is a different matter, for they are under-represented in British wine lists. Hardly any of the buyers who spend an intensive week to ten days to learn and acquire the latest values devote time to visit the outlying districts and must rely on the samples by Bordeaux merchants with some, generally limited, connections in Bourg. Appended is a list of wines on lists currently available to me, and they are good value.

However, for those able to visit the district by car there are plenty of opportunities to taste and buy at prices between about 12-25-35 a bottle. The Maison du Vin in Bourg itself has a good director, Marc Loeuette, an English-speaking, Dutchman. It has a dossier containing details of more than 60 properties, including the co-ops, who sell wine direct.

From lists to hand are appended some Bourg wines available here.

Adams of Southwold: Font-Guilhem 85 (£5.50). Avery, Park St Bristol: La Croix St Michel 85 (£4.50); La Plat 85 (£5.50). Berkman, 12 Brewery Road London N7: La Croix Milorit 85 (£5.50).

Berry Bros & Rudd, St James's Street, London SW1: Les Elites 85 (£4.75). Harrods: Casa 85 (£5.40); Pénance 85 (£5.50). Haynes, Hanson & Clark, 17 Leadenhall Street, London EC3: Cap de St Vincent 85 (£4.50). Hicks & Don, Market Place Westbury Wilt: Font-Guilhem 85 (£4.50). Lay & Wheeler, 5 Culver Street West, Colchester: La Gravière 85 (£4.75); Moulin de Bouscellet 85 (£5.50). The Peatling, Westgate House Bury St Edmunds: Les Elites 85 (£5.50); Cassiot 85 (£3.75). Tanners, 26 Wyle Cop Shrewsbury: La Croix Milorit 85 (£5.51); Font-Guilhem 85 (£4.50). Townsend, 101 York Street, Hull: Font-Guilhem 85 (£5.45). The Wine Society, Gunners Wood Road, Stevenage: de la Grève 85 (£4.50) and 82 (£2.25); La Croix 85 (£4.50); La Tour-Séguy 85 (£4.50). Yorkshire Fine Wines, Nun Monkton York: La Croix 85 (£4.50).

Vintage - the label, that is

TO CELEBRATE the victories and of the Second World War Baron Philippe de Rothschild had a special label with a V sign designed for 1945 Mouton-Rothschild, and for every vintage since a different label has been produced, commissioned from such artists as Cocteau, Braque, Dalí, Andy Warhol and Henry Moore.

Nearly 10 years ago collectors, first in the US and later on the Continent too, started to assemble sets of these full bottles. The rarest, of course, were the off-vintages, of which only small quantities bearing the

château label were produced and soon consumed. Single bottles of such bad years as '46, '56 and '63 achieve prices out of all relation to the quantities within them. The most sought-after has been '46, and in 1987 £2,100 was paid for a bottle.

In the International Wine Auction's sale in London in March of 44 bottles from 1945 to 1987 fetched £12,500. But an even more ambitious collector set out to produce the same set but in magnums, and at a recent IWA sale these fetched £26,000. Now double magnum?

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HOW TO SPEND IT

Lucia van der Post reports on a mens' clothing chain that is carving a new market niche, chairs with added chic and simply super swimwear

Just for the thirty something male

IT MAY seem astonishing, but the newly revamped Horne Brothers (until recently the company was just known as Horne's) claims it has - Eureka! - found a gap in the mens' clothing market that nobody else has spotted.

It seems that while the young and trendy male has been well-served (Next, Principles for Men, Blazer, Woodhouse, Warehouse et al) and the disestablished traditionalist has also been amply catered for (Austin Reed, Simpsons, Daks), there has been a dearth of shops catering for Thirty Something Men, the sort of chap who is relatively successful, who wants clothes which acknowledge current fashion trends without being slavishly devoted to them, who wants to look effortlessly appropriately dressed.

It was no secret that Horne Brothers' sales figures were not good. Too many teenagers with too little money were filtering through the doors. With some 57 stores in high streets all over the UK, something had to be done. Horne Brothers needed a new customer. After much research the gap was spotted, the merchandise upgraded and carefully edited and a new, slightly older, better-heeled customer invited in. So far the signs are that it is working. The shops do indeed look much more inviting. There are carefully edited ranges from many big names - the best of Burberry, Lacoste, Chester Barrie, Suits, Jaeger Blazer - all of which means that much of the selection has been done for the customer already. From an outfit for a sporty summer weekend to the complete kit for work, all can easily and quickly be found under one roof. Those who have a Horne Brothers store near them will find it worth their while to see the transformation that is going on.

It's worth looking out, too, for Horne Brothers' own label products - in particular the pure cotton shirts, in marvellous colours, seem excellent value.



Pictured above is a suggested weekend wardrobe for Thirty Something men - a shower-proof treated cotton parka, in olive or khaki, is £65; the denim shirt, Horne Brothers' own label, in light or dark blue is £17.95; cotton swim trunks are £24.95.

While HE could pick up a splendid leisure wardrobe in one fell swoop at Horne Brothers, SHE may feel that she, too, is in need of a little quieter choice with which to greet the summer. As a habitual searcher after bathing costumes in August and September I have learnt the hard way that precious little can be found in the months when we are most in need of them. Do what the wise do and buy one now. Sixx currently has an excellent selection of cruise

and swimwear in the shops. Besides its artfully cut swimtrunks there are sarongs and skirts, shirts and t-shirts which can be used as cover-ups - a splendid collection. For the slim of figure there is a carefully clinging new fabric, a combination of polyamide, polyester and elastane, which seems to fit all sizes (though I wouldn't advise trying it on that too far) and which Sixx has used for swimtrunks as well as the sporty, simple shift, photographed left. Swimtrunks are £29.95, dresses, £40. Colours are black, apricot, lime, blue or white. Sixx collections can be found in Selfridges, Harrods, Debenhams & Jones and Penneys in London as well as in John Lewis and House of Fraser stores throughout the UK.

Walking Britain's byways

WITH summer coming up and holidays afoot the Automobile Association, in conjunction with the Ordnance Survey, has produced the kind of book that every car should carry. *Walking and Tours in Britain* (£19.95 from most good bookshops) features just under 300 different walks all over the country.

The book is designed on a loose-leaf system so that each walk, clearly plotted on the

map, timed and with all highlights pointed out, can be pulled out and carried in a see-through waterproof envelope. Whether you want a gentle stroll around a cathedral town or a serious walk in the Lake District, almost everything you need is provided. The routes are all circular - that is, you don't have to come back the way you went - and most are between 2½ and three hours in length.



The best seats in the house

MOST OF US who have ever dipped into the glossy interior design magazines are accustomed to finding in their pages all the enchanting little bibelots that we long for but never seem able to track down in the shops we frequent. Where, we wonder, do their owners find them?

If it's chairs you are after, whether for dining-room, hall, desk or sitting-room, then you might like to know about The Chair Co in London's Wandsworth Bridge Road. There Hilary Lowe has gathered a vast collection of eminently desirable chairs, the sort that regularly crop up in the most attractive of interiors, ranging from the genuinely antique to artful reproductions of favourite pieces.

Hilary Lowe first warmed to the charm of old chairs when she embarked on a course of traditional upholstery, and decided that this was an area she would like to specialise in. So she started a shop that would sell nothing but... yes, chairs.

At first most were genuine antiques which she would sell in singles or in pairs, but so many of her customers wanted sets of six or eight that she decided to sell reproductions of some of her customers' favourite styles. As you can see from the photograph above most of her chairs are lighter and more pleasing to the eye than the rather heavy mahogany versions that

traditionally surround formal dining-tables. She offers three styles of painted faux bamboo with seagrass seats, as well as a copy of a high-backed French cherrywood and maple cane-seated chair with brass decoration. Prices range from £300 for the faux bamboo with the spindle back to £360 for the French cherrywood and maple chair.

Pictured are some of Hilary Lowe's collection of genuine antique chairs, typical of the sort of pieces she likes to have in stock. In the back row, right, is one of the faux bamboo designs that she is having copied and which can thus be bought in sets. The shop is at 180 Wandsworth Bridge Road, London SW6.

Classic planters at lower prices

THE "Versailles" timber planter is not, as its many manufacturers and copiers are the first to acknowledge, a new design - in fact it is well over 300 years old. Their streamlined elegance have made them popular everywhere, but they are, and always seem to have been, expensive.

Windford Designs, a company formed by ex-journalist Penny Radford and master carpenter Christopher Winder, felt that they had been expensive for far too long (as Penny Radford puts it, "three centuries is quite long enough for the affluent and aristocratic to have kept these classic plant containers to themselves") so they set about producing them at prices that would make them more accessible.

The answer is a the put-it-together yourself version, a model fit to greet the eco-friendly 90s. In

softwood with pre-grooved panels in waterproof MDF (Medium Density Fibreboard) and with a recycled plastic leaf-proof liner, they come in natural wood - to be stained, varnished or given a prime undercoat and then painted - and in flat-pack form. Everything you need to do the assembly comes in the pack, although you will need a screwdriver. Putting it together sounds simple - if Penny Radford can do it first time round with no instructions in 16½ minutes, I should think most of it could manage it in about the same time WITH instructions.

There are two sizes: 18 in square (487 mm), £39.95; and 15 in square (381 mm), £24.95. They are just the first in a line of related products that Windford Designs hopes to produce. Buy them by post from Windford Designs, 8 St. Ann's Road, London W11 4SE.

BRIDGE

MY HANDS today come from rubber bridge. See if you can do better than the declarer on this one:

♠ 6 4 3
♥ 7 2
♦ 7 6 4
♣ A K 10 6

W ♠ 8 2
♥ 10 9
♦ Q J 10 9
♣ Q 5 4

E ♠ 9 5
♥ 8 5 4
♦ K 5 3
♣ J 9 8 7 2

S ♠ A J 10 7
♥ A K J 10 8
♦ A 8 2
♣ 3

trump bid South, in full control, wins in hand, ruffs a spade with the heart queen and claims his contract. Here is the next hand:

♠ 10 9 7 5
♥ 8
♦ A Q 6 2
♣ Q 10 9 5

W ♠ 3 2
♥ J 10 9 2
♦ K 8
♣ 7 6 4 3 2

E ♠ 4 2
♥ A 5 4 3
♦ J 10 5 4
♣ A K

S ♠ A K Q J 6
♥ 9 8 7
♦ 9 8
♣ J 7

With both sides game, South dealt and bid one heart. North said two clubs (in my opinion, the right response). South now reversed with two spades and North's bid of four hearts concluded the auction.

West led the diamond queen. Winning with his ace, declarer crossed to the king of clubs, discarded a diamond loser on the ace, switched to the 10 and finessed his knave.

West won with the king, cashed the diamond knave and followed with the 10. South ruffed, cashed ace and king of hearts and crossed to the queen to try another spade finesse. West's queen won, the suit did not break and South went one down, losing one diamond and three spades.

A poor performance. When dummy appears, declarer can count five heart tricks, two clubs, one diamond and one spade. All he needs is to ruff one spade in dummy.

At trick four, instead of finessing he must cash his spade ace and lead the 10. West wins with the queen, cashes his knave of diamonds and leads a trump.

Taking with his ace, South leads the knave of spades. West wins and plays another

With North-South game, South (the dealer) opened with one spade. North raised to three and South's four spades silenced the oratory.

West started with queen of hearts. East took his ace and surveyed the position. He could expect to score ace and king of clubs, but was there any hope of a fourth defensive trick? There was clearly no trick to be found in the trump suit, but what about diamonds? Yes, there was a chance.

If West had the king of diamonds and South had three cards in the suit, a diamond trick could be set up. But the suit must be played at once, before declarer could set up a trick in clubs.

At trick two, East switched to the four of diamonds. West played the king and the ace won. South crossed to his ace of spades, ruffed a heart in dummy, drew the remaining trumps and played the knave of clubs.

East won and returned the diamond knave. Declarer won with dummy's queen but had to concede a trick to the 10 of diamonds. Fine defence.

E. P. C. Cottier

CHESS

to deliver a decisive check. White: M. Adams (England). Black: P. Wolff (US).

Modern Defence (Watson, Farley & Williams 1990). 1 e4 d5 2 d4 g5 3 Nc3 Bg7 4 Bc4 e6 5 Qc2 b5 6 Qb3

Apparently just an aggressive strike aimed at h5-h6 but, in reality, more subtle. By inducing Black's Nf6, White prepares the exchange of bishops; while the h pawn's advance also prepares Nh3. Instead, a O-O-O would allow Black faster counterplay with b4, a5 and Bc5.

6... Nf6 7 Bc2 Qc7 8 Bb5 Bxb5 9 Qc3 Bc6. This and his next move are a loss of time, but if at once 9... Nbd7 10 Nb5 Nf6 11 Ng5 with the strong threat 12 Qc7 and Nf7. Possibly best is 9... a5 to gain Q-side space while awaiting developments elsewhere.

10 Nb3 Bxb3 11 Rxb3 Nbd7 12 O-O-O Nb6 13 Kb1 O-O-O. Black prepares a central advance which rebounds against him. 12... a5 14 g4 e5 15 dxc5 (15 d5 c4) Qxc5 16 h5 when the knight 18... g5 is met by 17 Nd5 so that White keeps the initiative.

14 Qc5 e5 15 a5 d5? The decisive mistake. Better was 15... Kb7 when White gains ground on the K-side by g4 and h5.

16 dxc5 Qxc5 17 f4 Qc7 18 e5 Nf7 19 e4 a6 20 a5 Nb5 21 Nd5! Concealed brilliantly, and already foreseeing the point three moves later.

31... exd5 22 Qc7 Nc7 23 Bc5 Nf4.

32... Nb3 24 Qc6+ Kd7 25 Rxc7+ Kxc7 26 Qc7+ and 27 Qc7.

34 g4! Resigns. The threat is 25 Bb3+ Rb7 26 Qc7 mate. If 24... Rb7 25 Bb3 Kc5 26 Qc6 mate. Neatest of all is 24... Qd7 25 Bb3 Qxb3 26 Qc7 mate.

PROBLEM No. 522

BLACK 6 MEN

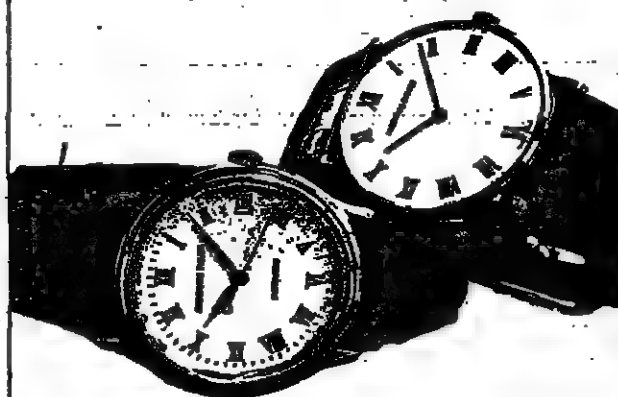
WHITE 6 MEN

H. Golombek v. P. Keres, Margate 1938. A simple puzzle, but it defeated two of the greatest players of the day and a three-time British champion. Black (to move) went 1... Bb2 which Fine (co-winner with Keres of Avro 1938) annotated with an exclamation mark but Euwe (ex-world champion) gave a question mark. Who was right, and is 1... Bb2 strong or weak?

The diagram comes from *Blunders and Brillancies* by Ian Mallen and Mike Moss (Falcon Chess, Sutton Coldfield, £4.95) a well-written collection of more than 300 puzzles.

Solution Page XIX
Leonard Barden

THE FINE ART OF SIMPLICITY.



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LIKE ITS tennis and golf equivalents, the international chess circuit rarely stops for more than a few days. Following last week's Watson, Farley & Williams invitation in the City of London, Britain's leading players are now in Blackpool for an event of potentially great significance to the eventual winners. This is the Williams and Jones in Britain (£19.95 from most good bookshops) it features just under 300 different walks all over the country.

The route is a long one and World Chess Federation (FIDE) regulations allow the very best entrants to join in along the way. Thus, Britain's top pair, Nigel Short and Jonathan Speelman, are excused until the international.

Another, arguably more pragmatic, view is that of the UK's number three, John Nunn, who has opted out of the FIDE world series in the belief that he has no realistic chance of meeting Kasparov. Nunn prefers to conserve his energies for tournaments like the Wijk aan Zee event, which he won earlier this year.

The entry for Blackpool is, nevertheless, strong. Pre-tournament favourites were Murray Chandler, Michael Adams, Julian Hodgson and Daniel King, all prominent members of England teams which did well against the Russians in the chess olympics or at the summit match in Reykjavik.

The central interest must be the performance of Adams, the 19-year-old British champion,

whose results compare favourably with Short and Speelman at his age and whose target is to parallel Short's achievement in qualifying for the candidates' stage - the next one beyond the international - at the age of 20.

Adams' positional skills and calm temperament mark him as potentially of the highest class, but the immediate question which Blackpool will answer is whether he has competed too much for his own good in recent months.

Like Britain's former number one, Tony Miles, Adams is a pragmatist who acquires the crucial knowledge in the heat of battle rather than via intensive pre-event homework. He has played non-stop since a few months before he became a GM and British champion and occasionally has shown signs of running out of ideas, as in the Watson, Farley & Williams event where he went eight games without a win at one stage.

At his best, Adams' style has a lucidity and elegance reminiscent of Kasparov's great rival, Anatoly Karpov. This week's game is typical. Black thinks he has the initiative and opens up the centre, only to find Adams' pieces placed ideally for a decisive sacrificial attack, clinched by a seemingly irrelevant pawn move which forces resignation.

The original feature is that White's king's bishop never moves but is poised at the end

PERSPECTIVES

Will Expo 2000 be the death of Venice?

Next month the site of the World Exhibition will be decided. John Wyles looks at the opposition to staging it in the Veneto

A WARNING that Venice will be lost irrevocably if it is chosen as the site for the World Exhibition of 2000 has been sounded by an international group of artists, writers and intellectuals.

A decision on whether Italy's Veneto is chosen in preference to Hanover, Germany and Toronto, Canada, is due to be made on June 14 by the Bureau Internationale des Expositions (BIE).

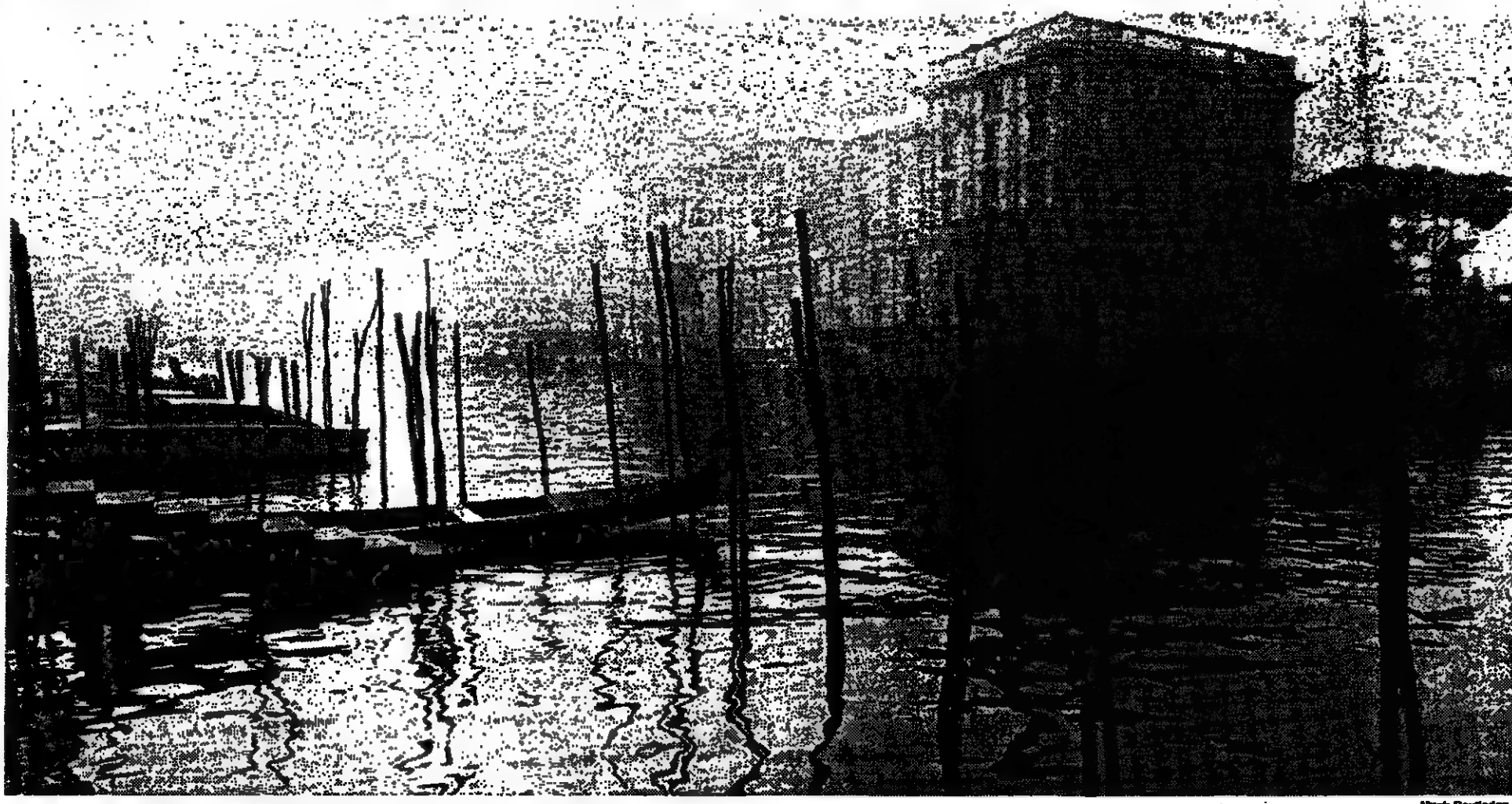
The artists, writers and intellectuals have helped produce a booklet entitled *Venice or Expo*. Their salient point is that it is legally doubtful, likely to ruin efforts already made to halt Venice's decline, and "impossible" because the city would be "physically and structurally incapable of receiving the immense crowds forecast."

John Julius Norwich, an historian of Venice, who has led many campaigns for its restoration, believes the project to be "grotesque and short-sighted." Lady Frances Clark, who together with her husband Sir Ashley Clark, a former British ambassador to Rome, has fought in many of Lord Norwich's campaigns, says it is absurd "to try to bring yet more people into Venice when we have too many visitors already." Their propaganda makes much of the Pink Floyd rock concert in St Mark's Square last June, when 300,000 poured into the square and left behind so much refuse that the army had to be called in to clean it up.

Antonio Casellati, the departing Republican Party mayor of Venice who secured a majority against the Expo in a council vote last year, says that the Expo would relate the city "in much the same way that Nero relaunched Rome," while Carlo Ripa Di Meana, the European Community's Environment Commissioner, warns that "Venice is not a disco, it is a very fragile creation, it needs to be handled with care."

As indeed, it does. Both sides of the argument are agreed on that, and also on the fact that "Venice is a dying city," the population of which has fallen by half over the last 40 years. Most of the surviving 70,000 residents seem to be dedicated, so far without apparent success, to trying to find price levels for their services which the tourist market will not bear.

Above all, the city is a victim of the extraordinary paralysis of the Italian political system and its inability to deliver timely and efficient decisions which would attract new activities, clean up its lagoon and protect it from further flooding and pollution. Expo, say its supporters, will guarantee those decisions and Venice's future. Expo, say its opponents, will merely waste the city's money, at the expense of the city's delicate fabric, for the 35 Italian



It's a foggy day, it's quiet but it's unmistakably Venice and the Grand Canal

companies, including Fiat, Olivetti, Montedison and a host of other big names, which have formed a consortium and so far spent \$4m on studies to demonstrate the project's feasibility.

The opposition's main target looms large in any sights, not only because of his generous bulk, but also because he is a lightning conductor for controversy. Gianni De Michelis, Italy's large, ebullient Foreign Minister, is a Venetian by temperament and a politician who is the author of a guide to discotheques as well as the Veneto's candidacy for Expo.

Amid suggestions, which he dismisses as totally false, that he has used his position to win support among the 45 nations which will vote at the BIE, De Michelis has been pilloried as "Attila" and "the man who wants to sink Venice" by the Italian and the foreign press. At a restaurant table near the Grand Canal last Saturday, even his broad back appeared to be bending under the weight of opprobrium heaped upon it.

De Michelis, with his warnings that

the European Commission might even try to block VenetiaExpo 2000 if its environmental impact was judged negative, and the Lord Norwich camp with its booklet, had carefully timed their interventions to have the maximum impact on the local election campaign which took Venetians, together with their fellow Italians, to the polls last Sunday and Monday.

Although the campaign took on the appearance of a referendum on Expo, both sides can draw comfort from the results. The Greens added 64 points to their vote, but their anti-Expo allies, the Communists and Republicans, both suffered setbacks. Pro-Expo Christian Democrats lost about 14 points while De Michelis's Socialists gained 0.3 points, hardly a resounding confirmation and less than the party's advance across the country.

Predictably, the truth has suffered in the Expo crossfire and some of the most alarming improvements which have been dished out to British and American newspaper readers — such as an artificial island and clouds illumi-

nated by laser beams — are absent from the final project which the BIE is pondering.

It being an Italian product, the proposal is intellectually high flown, imaginative, ambitious and of uncertain practicality. The Expo's theme would be "The construction of a World Equilibrium" which, cutting through the verbiage, aims at putting technology to work in solving the planet's resource and environmental problems.

Venice's proposed Expo role derives from the notion that the event should contribute intellectually to problem solving. The city would host "the ideas network" which is defined as "a place of debate, or think tank on the themes of resources, their use and distribution." "The nations area" — the more traditional shop window display by individual countries — would be housed in a single structure on the coastal mainland across the water from Venice at either Tesera or Marghera, respectively to the north and south of the industrial

area of Mestre. A third "production network" featuring industrial fairs, would be sited at Padua and Verona.

Tourist flows lie at the heart of everyone's anxieties. "We are already in Expo, but without the systems to deal with it," says Alessandro Di Cio, the pro-Expo businessman lately turned politician who could well be the next mayor of Venice following last weekend's elections. Expo's supporters and opponents agree that on certain days the numbers of visitors are beyond the city's capacity, but they are at odds over what the daily influx may be as a result of the Expo.

The argument starts from the assumption that if the Expo is held from March to June 2000, the total number of visits spread over the three sites would be 30m or a daily average of 250,000. How many of these would come to Venice and would they be in addition to "normal" tourists? Dr Paolo Costa, a senior lecturer at the University of Venice, has produced preliminary estimates for the city

council which assume that the Expo would be held from April to October. Dr Costa judges the "optimum socio-economic" tourist carrying capacity at 22,400 visitors per day and Venice's physical limit at closer to 100,000 — which he says would be exceeded on at least 14 days with the Expo.

The pro-Expo consortium's study, however, challenges the assumption that Expo visitors will be in addition to "normal" visitors, arguing that part of the normal flow will turn into Expo visitors. Moreover, the proposal sent to the BIE is for a four month March-June Expo, shorter than Dr Costa has assumed.

De Michelis's camp claims that all studies of previous world exhibitions show that more than half of the visitors come from the surrounding region and country. Therefore, they say, only a minority of the large Italian component of Expo visitors would venture into Venice, having already visited the city.

"I know that this problem is unsolvable," says De Michelis, who is rarely afflicted by self doubt but

appeared sufficiently so to have volunteered during the interview that he now favoured a January to April Expo, notwithstanding the fog and bad weather which often sits over the Veneto. In these months, the brochure published by the consortium under the Ministry of Foreign Affairs' imprimatur talks of using an electronic card system to monitor and control tourist flows. It is presented as "one of the main experiments that the event will conduct on the theme of equilibrium."

Fairs may have been worth a Mass, but is an experiment worth Venice? Will not the dangers of complete congestion over four months drive away what remains of non-tourist related activity in the city and nullify the anticipated benefits of the Expo? Indeed, what are these benefits?

Sir Franco Cossiga, president of the Veneto region: "We would be bringing the best doctors to Venice's bedside." Their prescription, says De Michelis, will be new transport and telecommunications infrastructures linking Venice with the buoyant Veneto economy. Its airport would be further developed while the Arsenal, those 36 hectares on the city's east side upon which was once constructed the Venetian Empire's navy, would be restored and developed to house "the ideas network."

De Michelis throws in 5,000 new jobs in electronics and telecommunications which he is convinced would survive the Expo. Add the tourist management system and you have solved Venice's three fundamental problems: underpopulation, monoculture and congestion.

Urgent solutions are needed, but why can't they be found without Expo? De Michelis, Cossiga and allied politicians insist that only a massive investment of Italian prestige in such a grandiose project can remove "the negative political majorities which otherwise block every initiative." The point has to be taken seriously, although it requires a generous faith in the ability of Italian public administration to plan and execute with an efficiency which — as the traffic chaos in Rome ahead next month's World Cup demonstrate — it rarely seems to find.

"I, too, have had my doubts," says a beaming Giulio Magagnoli, president of the industrial consortium, "but there is a new generation coming through which does these things better."

Where will the BIE put its faith: in the romantic, resourceful and ambitious De Michelis, or the anxious defender of Venice's extraordinary heritage, in the event the appointment of 2000 may well be in Hanover, to celebrate the first decade of German unity.

Jack and Jill are up the hill

Jenny Luesby meets a man who's fanatical about windmills

ON THE rising dune above Clayton in Sussex stand two mills. The tall, gaunt tower of Jack and Jill, so named more than a century ago, have survived their windswept location for generations. Once, a thriving and integral part of the local community, now, monuments to a bygone era, they stand in the village below them all his life. Somewhat hesitant and rather shy, Jill transforms him.

He shares his passion with the kind of deep interest and directness that is entrancing. Many are fascinated by windmills. But in Potter's case, that fascination has been fed by that particular sadness at seeing a part of one's home redundant and quietly decaying.

Mills of every description, all over the country, will open to the public on tomorrow for National Mills Day. Jill will be one of them. Over the last 12 years, she has been brought to life again, revitalised by an investment of more than £40,000 and 100,000 volunteer hours. Simon's role has been instrumental.

Jill was moved from Brighton to her present site in 1892, while Jack was built where he now stands in 1866. Jill is a post mill, rotating around a central pillar, and Jack is a

tower mill with a stationary body. Potter's involvement with Jill began in 1972. As a pupil at the nearby Hurstpierpoint College, Potter was given permission to show people around Jill during his summer holidays to raise money for his school fund. He raised nearly £500 that summer, from donations and the sale of postcards. "People were just drawn," he explains.

In 1973, the mills attracted the cameras of Hollywood, when they were chosen as the location for *The Black Windmill*, starring Michael Caine. Universal Pictures provided new sweeps, or sails, for Jack, before filming started. But not for Jill. In the hands of the local council, with more pressing calls on its funds, her condition deteriorated. By 1978 she was considered unsafe.

It was then that Simon stepped in as a founder member of the Jack and Jill Windmill Society for the Preservation of Jill and the work really began.

On Saturday January 13 1979 the first volunteers turned up to help lower the sweeps. Since then the number of volunteers has ebbed and flowed, but Potter has not missed a single Saturday.

In the dullest coat that seems to be the mark of all enthusi-



Jack: a rear view

asts, he has climbed the hill to Jill through rain and shine: a challenge before him and an end in sight. The quixotic nature of his endeavour is nowhere more evident than in the original name of the society's newsletter, *Remolam* — I shall grind again.

In May 1986, the newsletter had to be renamed, for Jill was grinding: corn to stoneground flour for the first time in 50 years. That year, the society also won the Doretha Award for Conservation, administered by the Council of the Association of Industrial Archaeology.

Behind these achievements lay many lesser ones: the hoisting into place of the new sweeps; the mending of 104 new teeth for the brakewheel; and the rebuilding of the roundhouse walls, to name but a

few. Simon had become one of the society's three millers, he worked on the restoration, acted as a guide and handled all the publicity. In the summer, his commitment extended to Sundays and bank holidays.

A senior audit clerk with Alfred Simmons Chartered Accountants in Redhill, Surrey, Potter describes his employer as very understanding: he is a sudden change in wind direction that requires instant action, arranging a school party tour, or another call from the local newspaper.

"Obviously work comes first, but I think he likes to see one of his boys out there doing something." In October 1987, the hurricane that swept the south of England, brought near-disaster

for Jill. At 5 am Simon got a phone call telling him that she was on fire. With the roads blocked by trees, he had to walk to the mill through the storm. "I was forced to crawl the last 50 yards or so on my hands and knees," he says.

Once there, he was joined by others. They saved Jill, but were left facing a £25,000 repair bill.

"I don't really know why I do it," says Simon. "I suppose it's a way of doing something for the local community, preserving our heritage." Half the answer, maybe. It is also an outlet for his clearly formidable organisational skills.

But the real key is rather more intangible: Simon is a true romantic.

would have to say that they have more of a pro-arrest attitude than, say, accountants have. Yes, they can cope, given a bit more incentive and a bit more training. This is one of those areas where extra resources do make a difference.

However sophisticated the art of fraud may become there is no substitute for old-fashioned, plodding, detective work. What is more, the police retain an instinctive — you could call it moral — appetite for nailing wrongdoers. But their success in fighting the fraudster depends, perhaps to a greater extent than with any other crime, on the vigilance of the rest of us.

The number cruncher

Christian Tyler on a 19th century computer failure

A £210,000 engineering contract will be signed next week, vindicating the career of an English mathematician who died disillusioned after trying to launch the computer age a century too late.

Charles Babbage, who held Isaac Newton's chair at Cambridge University, was the first to conceive of a way of mechanising mathematics, logic and even — as some people saw it — thought itself. But none of his machines was ever completed, and contemporary derivatives of his ideas were a market flop.

In order to reopen the question of why Babbage failed, and to honour the bicentenary of his birth next year, the Science Museum in London has commissioned Rhodan Partners, design and development engineers, to build Babbage's second Difference Engine from his own drawings.

Four thousand parts — wheels, cogs, spindles, gears and bolts — will be machined by subcontractors and assembled by Rhodan over the next 18 months to create a two-tonne number cruncher of bronze, cast iron and steel the size of a Victorian warship.

Somewhat less versatile than a modern pocket calculator but capable of working to 30 places of decimals, Babbage's masterpiece was designed to generate and print out accurate tables from the class of functions called polynomials (an elementary example is the table of squares).

It was to be cranked by hand and was big enough to be housed, perhaps, in a steam engine. It worked by simple addition, exploiting the already known method of finite differences. But the essential point was that for the first time in history a machine could find values for complex functions automatically. The operator did not need to understand the first thing about it.

The builders of Babbage's proto-computer, on the other hand, have had to understand it very thoroughly indeed. The professor left 20 drawings for his second Difference Engine (the first was started in 1832 but abandoned after 11 years). These have been translated into modern engineering blue-

prints by Dr Alan Brimley of the University of Sydney, who first suggested the Babbage project, and by Reginald Crick, Rhodan's senior project engineer. A number of gaps have been filled and mistakes corrected.

To avoid exciting the kind of official scepticism that made Babbage's life such a misery, the designers have been careful to prove the machine's viability from the start. Some £45,000 has already been spent on preliminary work, including 50 piece-part drawings, and a trial piece was built in London's Science Museum workshops.

Babbage relied on a government grant of about £10,000 and to borrow the balance of his own money — a large sum when you could buy a steam locomotive off the shelf for £200. The completion of his dream is to be funded by a consortium of electronics companies which have pledged money for this, for a commercial exhibition in the Science Museum and for a projected 230m computer museum in Reading.

The Difference Engine will stand as a monument to Babbage. More practically, it will illustrate (in a way that the insides of a modern computer never can) the very concept of mechanised logic.

But the main justification for building a Babbage, according to Doron Swade, curator of computing at the Science Museum and manager of the project, is historical. Swade and his colleagues want to prove not only that

Babbage's machine would have worked but that it was within the technical competence of the age to build it. They maintain that tolerances of less than two-thousandths of an inch were achievable in those days, well above the logical thresholds. Indeed, says Swade, the demands of Babbage's first design helped the original contractor, Joseph Whitworth, to become the world's leading toolmaker. To prove the point, Rhodan's sub-contractors are being asked to work as much precisely as contemporary machinists, even if they use modern techniques.

The failure of Babbage's Difference Engine and of his later, general purpose, Analytical Engine so discouraged others, according to computer pioneers like Professor Maurice Wilkes, that the birth of the computer was itself greatly delayed. If that delay was not after all due to technological limitations then, says Swade, "history will have to be rewritten."

Charles Babbage left this *cri de coeur* before he died at the age of 79 in 1871:

"I, unwarned by my example, any man shall undertake and shall succeed in really constructing an engine embodying in itself the whole of the executive department of mathematical analysis upon different principles or by simpler means. I have no fear of leaving my reputation in his charge, for he alone will be fully able to appreciate the nature of my efforts and the value of their results."



Doron Swade of the Science Museum with an early calculator

From Page 1

trials so far, involving 40 defendants, of whom 35 were convicted on one or more counts.

Without displacing the police from their traditional role, the SFO brings them into partnership with lawyers and accountants. Each case has a controller, whose job it is to channel the investigation into the most productive lines. For it is not in a policeman's nature to concentrate on the one or two most promising aspects of a case. He wants to get to the bottom of everything. The SFO's job is to go for the main offender and the main offences. That is the only way to keep the case sufficiently simple

and convincing for the average jury. Not surprisingly, some officers are disappointed that the Government rejected Lord Roskill's recommendation to replace the jury with an expert panel in complex fraud cases.

But there are bigger handicaps to face: the difficulty of gathering information abroad and bringing foreign nationals to give evidence or stand trial in Britain, the lack of reciprocal treaties and the incompatibility of legal systems.

Even inside the country the multiplicity of agencies with an interest in fraud — the

Department of Trade and Industry, the City regulatory agencies, the Official Receiver, Customs and Excise, the Inland Revenue — can cause delays.

The police can be further hampered by the business community's apparently wilful ignorance of how vulnerable to fraud it is, and by the reluctance of some to report any but the most flagrant thefts. Above all, they are hampered by the naïveté of ordinary people who, safely locked in their suburban homes, will happily write cheques to a charming

stranger in a suit.

Defending traditional police methods and training, Michael Chance, deputy director of the SFO, says: "A lot of it is traditional detective work: talking to people, getting people to say what has been going on; pursuing hunches, looking at documents to spot one that doesn't ring true, sussing out the person that's telling fibs. There's just this extra dimension. It's more complex and it takes much longer."

"The police like kicking people," said Dr Levi. "That's what they see as their job. You

BOOKS

As summer gets underway, our critics investigate the season's new fiction

'I hope I picked the right woman'

WHEN HE died in La Jolla, California, in 1959, Raymond Chandler left behind three chapters of a Philip Marlowe novel he was working on called *Poodle Springs*. He mentions it in a letter to Maurice Guiness, an English detective novelist and friend who had suggested to Chandler that Marlowe should get married. Chandler writes in February, 1958: "I finished a book [*The Long Goodbye*], and mostly due to you I left Marlowe in a situation where he could be married - but it was not certain. I hope I picked the right woman."

The woman he picked was Linda Loring (née Potter), 36, with a personal fortune of around \$6m. After two months' acquaintance, she arrived one evening with her over-night case at Marlowe's flat. They shared a couple of bottles of Cordon Rouge champagne while they had a highly emotional conversation, and then slept together. Linda, not yet divorced from her first husband, said to Marlowe: "Would you consider marrying me?" To which he replied: "It wouldn't last six months."

This episode from *The Long Goodbye* is the only occasion in the canon when Marlowe sleeps with a woman who has met in the course of an investigation, despite several earlier pressing invitations so to do. Chandler had always insisted on Marlowe's professional celibacy as part of his chivalrous code, just as he was never permitted to profit financially from a case, beyond his fee and reasonable expenses.

In 1954 Chandler's wife Cissy, whom he idolised, died. In 1955 in a confused desperate condition, Chandler attempted to commit suicide. Fortunately he recovered and came to London where he was welcomed into the literary world by the likes of Hamish and Yvonne Hamilton, Leonard Russell and Dilys Powell, Stephen and Natasha Spender. It seems that this English visit may have mellowed and rehabilitated him emotionally to the point where he was prepared to modify his private eye's confirmed bachelorhood, and to allow him this tentative experiment in matrimony. Chandler explained further in his letter to Guiness:

"It seems to me, from my point of view



Raymond Chandler being entertained in California after his wife's death: it was only then that he allowed Marlowe to marry

as a writer, that there would be nothing in his marrying just a nice girl. But if he married, or almost married, a woman whose ideas about how to live were completely antagonistic to his, even though in all we say, the boudoir, they met on very equal and satisfactory terms, there would be a struggle of personalities and ideas of life which would make a good subplot."

The three completed chapters showing Marlowe as a married man have been in the deep freeze, as it were, for the past 30 years. The Trustees of the Chandler Estate decided recently to take them out and let another hand complete the story, working along the lines adumbrated by Chandler.

They assigned the task to the highly experienced mystery writer Robert B Parker, author of 20 private eye novels in his own right and previously a professor at Boston's Northeastern University. None of the interesting background to the project is given in the book itself (or rather, only very cursorily on the blurb). However, Parker follows in the footsteps of the master closely in terms of both plot and setting.

"I plan my next Marlowe story," Chandler wrote, "with a background of Palm Springs, *Poodle Springs* I call it, because every elegant creature you see has at least one poodle. I have the very house in which Linda Loring might care to live. The house

is in La Jolla. It has the sort of offhand elegance and virtuosity which was once fairly usual in England among the upper classes."

The newlyweds spend their first night there happily enough but it is clear that this is Linda's territory, pool, Mexican houseboy, poodle and all, not Philip's. Come the morning and he drives off in her Fleetwood to see a realtor (defined as "a real estate man with a car") - Parker's joke, for which he gets full marks. Marlowe instructs the realtor to find him a small office in a sleepy part of town like the one he had in L.A. On the way back home he is held up by a couple of hoodlums whom he shakes off, denting his wife's car.

POODLE SPRINGS
by Raymond Chandler and Robert B Parker
Macdonald £12.95, 268 pages

EARTH ANGELS
by Gerald Petievich
Chato & Windus £12.95, 248 pages

BURN MARKS
by Sarah Paretsky
Chato & Windus £13.95, 340 pages

They have been sent by the manager of a gambling club just out of the town's boundaries. The chips are down, the wheels are spinning, the plot is on its way.

It is an enjoyable enough, quick read and I will not spoil it by saying any more about what happens. Addicts will appreciate the exactness of the pastiche. This, remember, is late Chandler, the spare style of *Playback* rather than the rocco urban imagery and wise-cracking arias of the great period. There is a felicitous mirror-image of Marlowe's own marriage and the founding marrieds at the heart of the case he is tackling. His own soon begins to collapse on his puritanical attitude to his wife's money, his insistence on working.

Several familiar favourites re-appear. Marlowe goes back to L.A. to collect his own car, the Olds with the 38 in the glove compartment, and in the course of the story his foolhardiness lands him the usual number of thick ears and blows to the groin. His old antagonist Bernie Ohls, the Hollywood police chief, turns up and there are references to Harlan Potter, Linda's formidable father. His world, the world of the seriously rich, is put beside that of the con, men, pimps, models and hookers who inhabit the sleazy down-town bars. The two worlds within the same

community are contrasted with a verisimilitude that cunningly papers over the joins between the worlds of Chandler and of Parker.

Even at his most radical Chandler was a romantic at heart. In a modern Los Angeles crime novel like Gerald Petievich's *Earth Angels* the romanticism has turned into sentimentality, the randomness into pornography, and the gloom is unredeemed. The theme is gang warfare among the disadvantaged and drug-ridden Hispanic communities of East L.A. It is a grown-up west coast version of *West Side Story* where the rumbles are all for real and innocent people get killed. Petievich convinces the reader of the seriousness of the problem. His point is that the cops in the special crime squad assigned to deal with it become corrupted through sheer frustration to such an extent that eventually there is nothing to choose between them and the gangsters they are trying to apprehend. If you like to sup on strong helpings of street violence, police brutality and descriptions of fellatio, then this is one for you.

With Sarah Paretsky we move eastwards from L.A. to Chicago, a city in which graft and corruption are also not unknown. In *Burn Marks* Paretsky's 36-year-old woman private-eye, "Vic" Warshawski, returns to uncover more of the morass. Her tiresome senile aunt turns up on her doorstep because the old folks home where she lived has burnt down.

Suspected arson sets Vic on a trail into a murky, Chicagoan labyrinth involving the local construction and insurance industries, police and political bosses. It becomes more horrendous with every step she takes. With her likeable Ms in control, and her knowledge of the business and academic worlds, Paretsky has skillfully re-furnished an old, well-tried formula. Here in modern feminist guise is the caring, hard-boiled, "see Hammett and Chandler pioneered. What is new is that Paretsky weaves her web out of contemporary social and environmental concerns. If you do not yet know her books, try starting with this one.

Anthony Curtis

THE SUCCESSES OF SCANDAL provoked by Ian McEwan's early collections of short stories and his first novel, *The Cement Garden*, was not merely that they dealt with the sex-death nexus, with murder, rape and incest, nor that the plot of *The Cement Garden* was a bit too close for comfort to the work of another novelist: it lay in the seemingly casual juxtaposition of the two, which made the progression into horror all the more shattering. The calm, callous quality is set on the first page of that novel - "In the early summer of my fourteenth year a lorry pulled up outside our house, which was sitting on the front step reading a comic," it is the "reading" which is the masterly touch. From then on, as in all McEwan's fiction, there is a cool descent into hell.

The world of Ian McEwan, as paved with no intention: lack of knowledge, disassociation from the well-springs of psychic truth (which, in McEwan, although clothed with astonishing narrative skill, rather too often turns out to be some pretty basic sex and death stuff), lead to disaster. His readers were happier with

Cool descent into hell

THE INNOCENT
by Ian McEwan

Jonathan Cape £12.95, 231 pages

The Child in Time, which, although demonstrating his usual mastery fix on the everyday detail, seemed in essence soft-centred, as if he was the only male writer ever to have fathered a child. Even there, however, his manipulation of symbols was outstanding the second to the regressed man-child Charles's tree-house was a powerful image which packed an almost Spenserian punch.

The Innocent is back to the old Gothic mode. Leonard Marham, gentle, unknown, is posted to work with the Americans on a top secret phone-tapping project in Berlin in 1955 (Operation Gold, a tunnel under the Soviet Zone, actually happened). He is recruited by a British scientist, MacNamee (a development of the Charles figure, MacNamee



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covery of love, his gradual attainment of knowledge about the guilty work in which he is involved, *go pari passu* with his descent into murder and the disposal of a body: he shoulders a liberal burden of guilt which knowledge could, possibly, palliate. "He was innocent, but it would take some explaining."

As ever, McEwan flags his concerns early on with his characteristic command of metaphor. Leonard is introduced to the secret installation and the security procedures by the ebullient, uncomplicated American, Glass. "I don't have the authority to upgrade your clearance. But the point is this - every body thinks his clearance is the highest there is, everyone thinks he has the final story. You only hear about a higher level at the point you're being told about it."

The novel is about the way in which Leonard's clearance gets higher: during his first night with Maris, his first

night with anyone, "the line that divided innocence from knowledge was vague, and rapturously so." The line that divides the innocence of their initial affair from Leonard's descent into man as rapist, and thence into man as murderer, is equally vague and blurred, and, indeed, takes some explaining. McEwan explains all these things, as well as weaving the parallel with the international situation in which the whole story unfolds. A minor American character explains that the possession of secrets (and, by implication, a secret life) is what individuates men. There is a German tradition for this, and influential examples of it would be the novels of Hermann Broch. Christoph Ramsay is a young Austrian, and this is only his second book. In the

Mary Hope

In search of Ovid

THE LAST WORLD
by Christoph Ramsay

Chato & Windus £12.95, 201 pages

a novel to tell a story or to illuminate human behaviour, as in the meta-tradition of English literature. It is allegory, by means of which the author seeks to draw attention to timeless elements, and so to incorporate modernity into myth. There is a German tradition for this, and influential examples of it would be the novels of Hermann Broch. Christoph Ramsay is a young Austrian, and this is only his second book. In the

Anachronisms abound. Entertainment in Tumi is provided by Cyprus, who has a travelling film show. In this version Ovid was exiled because he took the microphone one day in a Roman stadium and addressed the crowd as "citizens of Rome" without due deference to the emperor Augustus. In his speech, he appears to have predicted a nuclear holocaust. Spending time watching his tame animals, Augustus broods about the police and firing-squad. Tumi itself is a desert industrial site, part of the rubble. The novel ends with the death of pretty well everybody. Ovid was right in his prediction. Cotta escapes to the mountains, where there is nobody to catch his cry of "Here!"

A book like this is of no interest to anyone who expects



David Ramsay

German-speaking world it is a best-selling success, and perhaps in other countries too it will come to a status similar to Umberto Eco's *The Name of the Rose* - much praised, that is to say, and little understood. Everything in an allegory depends on the quality of the author's imagination. Many of the links that Ramsay makes between past and present are amusing; it is fun to try to discover the Roman equivalent of communication or shopping, and so to reveal how much of life remains continuous throughout the ages. Bright, proxy language, seemingly well translated, is a help.

Beyond this, Ramsay is very much the prisoner of the morbid outlook now general among German-speaking intellectuals. To him, authority is bad, the state is totalitarian, and surveillance or anarchy is admirable. The hero is he who preaches revolution (Ramsay takes enormous liberties with dear old Ovid), and the free man is he who expresses his will by joining the revolution. Morbidity is much increased by a further sense that this revolution is not going to arrive in time to prevent the end of the world. Industrial society is already in ruins, and soon it will lead to apocalypse. Mankind has lost it. Quite why so many intellectuals believe that things have come to such a pass is one mystery - and quite why so many readers delight in despair is another.

David Pryce-Jones

THIS IS what you do. You enter a bookstore, you buy a while, then you buy a copy of *Aura* by the Mexican novelist Carlos Fuentes. Perhaps you have been swayed by the stilling erotic green dustjacket. You take it home with you. Then you read it. It has a style a little like this.

The narrator, Felipe Montero, keeps calling himself you. You are the narrator. You are also a poor historian and you have answered an advertisement for a weekend research job. Four thousand pesos a month, all meals, a comfortable bedroom-study. You undertake the commission. Your employer is Senora Lorente, a religious old woman who lives in a darkened house in a bed the shape of a rabbit. She wants you to prepare the memoirs of her dead husband for publication. The husband who was once a famous general.

The house itself appears to be run by Senora Lorente's niece. The name of the niece is Aura. Aura has bewitching green eyes. In no time at all you are entranced. You also feel sorry for Aura because you cannot escape feeling she is the prisoner of her aunt. You want to take her away, to liberate her. Instead, she is who captures you. You cannot escape. She comes to your comfortable bedroom-study, she shares your bed.

Only then does it gradually dawn on you that Aura and Senora Lorente are one and the same. Aura is strictly an illusion, the recreated wraith

You, me, or the rabbit?

AURA
by Carlos Fuentes

Andre Deutsch £9.95 (\$4.95 p.p.), 88 pages

of your employer's youth. You become Senora Lorente's lover. But this is as it should be. The real you is the fiction, the memory.

The story finishes. You read on. There are still another 30 pages to go. Carlos Fuentes has

helpfully written an essay, *How I Wrote Aura*. You discover his motives, his inspirations, his friendships. Thirty years ago you meet Luis Bunge; later on, Maria Calles. You are reminded, if you haven't been already while reading the story proper, of *The Exterminating Angel* and *Love's Labour's Lost*. You are reminded of the film *The Tales of the Pile Moon After the Rain*. Senora Lorente, you discover, is but the offspring of the hybrid of a long line of antecedent female avatars: Miss Bordman in the *Agony Papers* of Henry James; Miss Havisham in *Great Expectations*; the card-playing countess in Pushkin's *Queen of Spades*;

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a medieval sorcerer, Pandora, Circe, Eve. And a twenty-year-old girl Fuentes slept with in Paris in 1951.

The girl is Aura. Aura is Senora Lorente. Senora Lorente is Eve. All women are the same, as men are her lovers. You, Carlos Fuentes, Carlos Fuentes who is also the critic, the reader of his own text. Who then is the author? You again? Me? Or the rabbit? Lyndard Kemp is no translator of this magic.

Justin Wintle

More books on page XVI

Dummy run

THE BOLD THING
by Mark Daniel

Barrie & Jenkins £12.95, 244 pages

Lived in Italy. Now lives in Ireland.

I missed *Under Orders*, but Daniel's second racing thriller has landed on my desk with the sickening thud of a 25-1 chance crashing at Becher's Brook. The plot is lethargic, some rubbish about the station Sansovino arriving at the small Irish stud of crippled Irish-American owner Cathy Kramer, who is promptly blackmailed by the IRA. The characters are dummies. The writing is as dead as a blood-streak catalogue: "She was stark, she was fierce, she was affectionate. Yielding, susceptible or passion, however, she was not." And the language is four-lettered.

I hope to Heaven that some misguided footman doesn't leave a copy where the Queen Mother, a devoted racing fan and reader of Dick Francis, can get her hands on it. It would be off with his head, for sure.

Michael Thompson-Noel

Old favourites clubbed together

TO CELEBRATE its diamond jubilee, 60 years since its founding in 1930, the Crime Club has reissued a dozen of its favourites: early performances by Marian Braham, Robert Barnard, Elizabeth Ferrars, Roy Lewis, Patricia Moyes, David Williams and others. And not a drop in the lot. The earliest of the books reissued is the 1930 volume by Gwendoline Butler, *Death Lives Next Door* (Corgi, £12.95, 192 pages) in which Inspector John Coffin makes his characteristically discreet debut (he doesn't appear on the scene until the book is well beyond the halfway point). But even someone reading the story today for the first time will feel the impact of this character's appearance: it is like seeing a young actor playing Laertes and realising that, within a few seasons, he will surely be Hamlet. For that matter, the whole novel is filled with delightful Oxford vignettes, clustered around a harrowing "Dog Are You?" by Gerald Hammond (Macmillan,

arrival in the seaside town of Shackleton and ending with his definitive retirement from legal practice, not - as hope - from Michael Gilbert's smooth, agreeable fictions). Each story has a neat twist or two, a touch of humour, a wry view of Shackleton and, indeed, of the world. The real adjective to describe this volume is "mellow."

Hugh Miller has written several successful novels, but this latest one, *An Echo of Justice* (Gollancz, £12.95, 158 pages) marks the debut of Detective Inspector Mike Fletcher. At first, he might seem a fairly typical hero: he is untidy, suffering from the after-effects of a broken marriage, his immediate superior and a rival-colleague dislike him intensely, but he conceals a heart of gold withal, a human compassion that enables him to understand petty crooks and makes him hate the big ones. Hugh Miller, with these familiar ingredients, manages to develop an individual who sparks the reader's interest and demands his respect. Fletcher's psychiatrist, girlfriend is more original and equally attractive. This particular adventure is narrated with admirable economy; it will be good to encounter Fletcher and his charming shrink again.

William Weaver

CHANGES AND CHANCES
by Stanley Middleton

Hutchinson £12.95, 215 pages

ambition to move on or onwards - set him apart.

Like his characters, he has an enviable gift of reticence. Not for him the chattering classes, spilling the beans under the copper beech over homemade aloe gin. Sometimes his narrative uses an almost shorthand technique, so clipped and functional does it become. But surface realism covers an awesome sense of mystery, brilliantly because obliquely pungent. Of course Middleton is a realist in the



Stanley Middleton: unchallenged spokesman for the middle class

sense that he is the most careful recorder of the look of things in his particular world, with its slightly charmingly because dogged, perhaps too honest, manner and flat Midlands air of unpretentiousness. But he is more than a digger into his own social patch. He delves into the soul and state of his people and their often bleak situations without answers or optimism, but with courage and acceptance of their fate, they face a comfortless world of emptiness and alarm.

This particular novel is the story of half a dozen overlapping lives, the overlaps going back over 30 years, the people ranging from academic poet to rich idler to ex-schoolmistress to supermarket manager. A neat overlap is the rich man's relationship with two women who become close friends, one his current mistress, the other seduced by him 23 years earlier; neither, for all their closeness, ever telling the other. In Middleton's psychological terms, this reticence is perfectly credible. Less credible - the book's single weakness to my mind - is the current affair between employer and housekeeper which, as described, doesn't persuade me it ever existed except as a neat device to balance the plot. But as all Middleton's novels, though they cover all sorts of situations, are in much the same mould and idiom, they have to be taken as a whole: each memorable for its gritty depth, its economy and earnestness, each also contributing to the larger world that seems impressively his.

Isabel Quigly

BOOKS

On the trail of the Great Game

THE GREAT GAME by Peter Hopkirk
John Murray £19.95, 556 pages

THE GREAT Game - or "Bolsheviks" - lasted almost a hundred years from 1810 to 1907. It was an imperial, political, diplomatic and military enterprise in which intrepid individuals played for high stakes in a struggle that stretched from the Caucasus in the West to Chinese Turkestan and Tibet in the East. The prize was British India. The phrase "the Great Game" was coined by Captain Arthur Conolly, who along with Colonel Charles Stoddart, after being hideously tortured, was executed in Bokhara in June 1842. It was popularised by Kipling in his novel *Kim*.

As a young subaltern Peter Hopkirk read Fitzroy Maclean's *Eastern Approaches*, and ever since he has been hooked: he has now given us an immensely readable and masterfully detached work on a subject which, because of the turn events have recently taken in the Soviet Union, Afghanistan and Tibet, has aroused fresh interest. One gripping chapter follows another, bringing to life the leading players of the Great Game, Russian and British. As a narrative of adventure and war it is impressive, following AJP Taylor's definition that "history is distinguished from other social sciences by the fact that in it things happen, once and for all". Some astonishing things do indeed happen in this bulky but fascinating book.

The British and the Russians were paranoid about each other's intentions in the Great Game. The British had convinced themselves that Russia wanted to get to India by any means, even going to the extent of enlisting Napoleon's help. That the imperialists in Calcutta and London would never

stomach. On the Russian side British interest in Central Asia and its markets, their activity in Persia and Afghanistan and Tibet, aroused wrath and reaction. The action took place in sun-scorched deserts and snow-laden passes; Mr Hopkirk has travelled widely and his narrative is the richer for this.

The Great Game has a large cast. Queen Victoria and several Tsars took a keen interest in the outcome. Down the ladder were unusual men, loners, men spurred by ambition, patriotism and a propensity for living dangerously, resourceful and audacious men who took prolonged physical discomfort in their stride. Many a hare-brained and hair-raising scheme was thrown up only to be abandoned with haste.

Mr Hopkirk has lifted the veil surrounding some of the Russian players. His book reveals that they too were an able and formidable lot. The names of James Abbott (after whom the picturesque town of Abbottabad is named), Fredrik Burnaby, Sir Alexander Burnes (murdered at Kabul), Sir John Lawrence, General Sir Frederick Roberts V.C. and Sir Francis Younghusband are not unknown in the English-speaking world; now we get to know their Russian counterparts, Count Nikolai Ignatiev, General von Kaufman and Muraviev, Captain Gromchevsky and Captain Yan Vitkevich. They all risked their lives to extend the influence of their respective countries. It was the age before

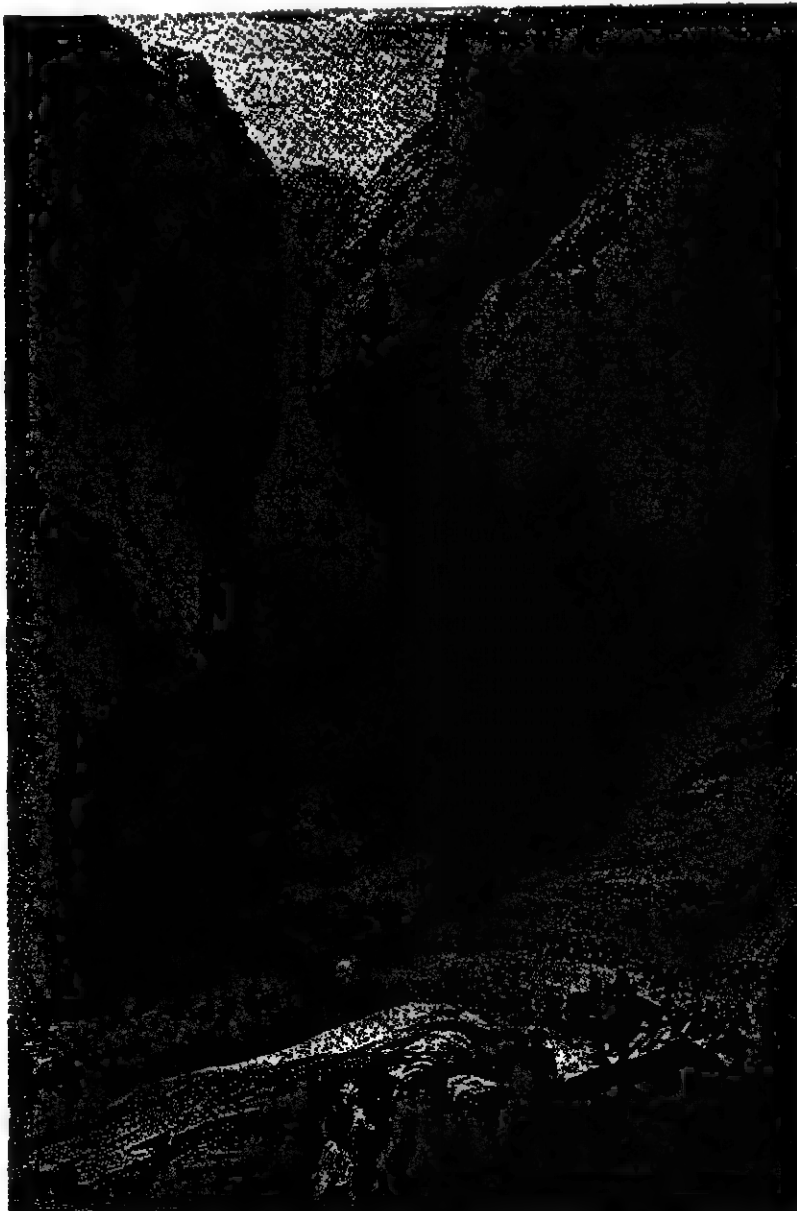
the telephone (and, until the second half of the century, of the telegraph), so much depended on the man on the spot. Himalayan errors were made, incredible cartographic and military feats were performed at 18,000 feet.

By the time the Great Game ended with the signing of the Anglo-Russian Convention of 1907, both sides had in a sense achieved their objectives. Russia did not end British domination in India or eliminate British influence in Afghanistan, Persia and Tibet; Britain could not capture Central Asian markets or trade routes nor prevent the breathless speed with which Russia's empire reached the Pacific Coast, despite Japan's victory over Russia in 1905. The Americans with effortless audacity occupied Hawaii, Guam, Wake and the Philippines and left the Japanese and Germans gaping.

Surprisingly Mr Hopkirk ends his energetic book on a melancholy note. "For more than a century now the vast Russian Empire ruled (in Central Asia) has served as a monument to the Tsarist heroes of the Great Game. How much longer it will continue to do so, in view of the violent turmoil threatening the Soviet Union is difficult to forecast. The British heroes of the Great Game have no such memorial, precarious or otherwise. There is little or nothing to show on the map for all their efforts and sacrifices. Today they live on only in unread memoirs, the occasional place name and the yellowing intelligence reports of that long forgotten adventure."

Let me cheer him up. His book is a significant memorial.

K. Natwar-Singh



Where imperialists met: British troops in 1938 in the Sotom Pass

Push aside the almond trees

IT WAS for years a curious truth that, while books about South Africa seemed to tumble off the presses, it was hard to recommend a general volume to the layman - something not too narrowly historical, not too self-regarding or the part of the author, not too ephemeral, simplistic, *parti pris* - the sort of book, perhaps, which an FT reader would profit from taking on the overnight Jumbo to Johannesburg. There have been exceptions, of course, and this is one of the best of them; it could hardly appear at a more timely moment, although the speed of current events must have given the author some nasty moments.

Allister Sparks is a distinguished South African journalist - one of the ex-editors of the late *Daily Mail* who were too brave for the comfort of their main shareholder, the professedly liberal Anglo-American Corporation; after his dismissal, he became the correspondent of leading papers in the US, Britain and Holland. He has written an ambitious book which sets out to be both a history of South Africa (from the year dot) and an explanation of how that history has created the vortex of the present-day republic. It is history written by a journalist whose principal skills lie in reporting the present, and the result is a sometimes surprising amalgam of historical narrative and analysis interspersed with vignettes of South Africa today. For instance, he takes a trip to a *mambo* festival, a subject which I remember from the *Observer*, and he also retells the story of the evictions from Mapogo, which he has covered at length. Time and time again the history benefits from the journalist's gifts of irony, of illustration, of phrasing, and, simply, of informed insight.

He has the gift of a good journalist of cutting to the heart of things. Take a couple of examples. He points out the weakness of white South Africa that it is totally dependent on the people it represses. "It seems appropriate to the founding of a perverse society that it should have African slaves to do its bidding." "The black struggle for independence today, the blacks' own deep sense of grievance and injustice and of being made alien in their own land, is in many respects a repeat of Africa's struggle against the British."

Like many liberal South Africans (I always find it surprising), Sparks is an optimist, sometimes to the point where he might be charged with wishful thinking. Thus he does not believe there will be a "black bath" in South Africa because,

THE MIND OF SOUTH AFRICA
by Allister Sparks
Routledge £16.95, 424 pages

he claims, black/white racial conflict is alien to sub-Saharan Africa (what about Mau Mau?). He insists that the blacks - even the young "comrades" - are not anti-white (yet he records the hymn at township funerals - "We, the people of Umkhonto! Are ready to kill the Boers..."). He has to admit that the comrades have done savage things but explains this as a Jacobin perversion of idealism into terror and violence; the black "spirit of comradeship and purpose" transcends this violence. This relates back to his view of pre-colonial history when Southern Africa was, he says, a tranquil place ruled by the spirit of *ubuntu*, a communal humanism which, he argues, is still viable today in the townships. Some people will use the word *ubuntu*; others will say he is wrong.

But again and again he is unconvincingly correct and illuminating. He is very good on the "poor whites" of the pre-war years; he is clear on the limits of P.W. Botha's reforms and fascinating about the racist shift in Soviet policy; he is scathing about the English-speaking businessman.

Sparks' central image is the hedge of wild almonds, planted by the first Dutch settlers in 1660 to separate the white enclave from Africa and the Africans. He observes that "the notion of a border behind which white civilisation must protect itself against the coming of the black barbarians is fundamental to the white South African psyche," that hedge has lasted for well over two centuries, but it is about to give way at last as the blacks burst out of their ghettos and the whites retreat into their.

At this point Sparks finds himself in impossible difficulties since he was writing his book just before the hedge was breached. He manages a late insert referring to Nelson Mandela's imminent release but his final chapter is bound to be speculation, some of it already unhelpful (though he does offer the useful and timely warning that the ANC might be the best of all "negotiations" with Pretoria - shades of Namibian independence - and so risk losing its radical credibility). Presumably he will be able to rewrite these last pages for the inevitable well deserved second edition.

J.D.F. Jones

A bloodhound's nose for battle

ONE OF the memorable experiences of my life was during a stint in Vietnam last year was interviewing some veterans in Vinh city. These were not the human remains of the fighting in Cambodia, nor of the war against the US, nor even of the war of liberation against the French. They had participated in the so-called Nghe Tinh Soviet Movement of 1930, the first anti-colonial uprising to be orchestrated by the communists.

They were, to put it mildly, a dodgy bunch. Their average age, I believe, was 85, the oldest was 105. They had to be helped in and out of their chairs, and sometimes reminded of where they were. But all of them, as soon as they began talking about 1930 and the subsequent French reprisals, spoke with an enviable and moving clarity.

Reading Clare Hollingworth's *Front Line* recalled that occasion. By this I don't mean that at the age of 78 Hollingworth displays immortality. Quite the opposite. What I mean is that her book only

picks up when she remembers past campaigns. The interlinking autobiographical passages are fascinating, often inconsequential, but they are so full of life and colour, and so many of her friends and colleagues are still alive. The dead always are more colourful, less virtuous; they are unlikely to pick up a phone and call their lawyers. Give her the figure of Donald Maclean, on the other hand, and you would be off. (Or rather he's off, on an episode of alcoholic adomism.) Hollingworth knew Maclean, and his wife Melinda. She also knew Kim Philby, and because of this she was able to break the news of Philby's flight to Moscow. She looked him up one day in Beirut, but couldn't find him. Putting two and two together, she realised he must have hatched out on a cargo vessel bound for the Black Sea. It was as simple as that, the biggest scoop of her journalistic career, even though her

FRONT LINE
by Clare Hollingworth
Cape £16, 301 pages

then editor, Alastair Hetherington at the *Guardian*, set on the story for three months. It came her way because she had worked at it, for a period of decades. Cultivating diplomats, politicians and the following was a part of her trade, although it was as a war correspondent that she first made her name. By 1963 she had already covered war in Poland, the Balkans, Crete, the African Desert (Alamein), the Middle East and Algeria. Later she was in India, Bangladesh, Borneo, Aden and Vietnam, filing variously for the *Telegraph*, the *Morning Chronicle*, the *Manchester Guardian* and the *Observer*. She also spent three years on a staff posting in Peking, in the early 1970s.

Always the professional, she cuts a slightly dour, slightly cocky *Boy's Own* figure in a job that, until her own generation, was a man's exclusive.

What makes a Martha Gellhorn or a Kate Adie tick? Or, for that matter, a Max Hastings? It is a pity that, in the leisure of her memoirs, Hollingworth does not address herself convincingly to the psychology of the battle journalist. But possibly such writers have an aversion to psychology - they prefer to plunge into the thick of events whose significance is at once more immediate and more student. Plunge, in Hollingworth's case, is the word. She has a bloodhound's nose for battle, and will not be denied a visit to any front. Thus, in 1965, she uses her acquaintance with Indira Gandhi, then India's Minister of Information, to squeeze a pass into Kashmir when

Gandhi had imposed a press exclusion order. To her credit, she also obtained passes for two fellow reporters, Creighton Burras and Tom Pocock. "Would it be possible, Minister," I asked, "for me to take two servants along?" And to her credit Mrs Gandhi turned a blind eye on the deception.

Mostly, Hollingworth's perseverance and audacity worked. The pay-off is an extraordinary collage of an extraordinary number of 20th-century trouble spots. Her accounts of the Nazi invasion of Poland, of the howling to Hitler by the rulers of Bulgaria, Romania and Greece, and of the fighting in Algeria, are vivid almost classic. She is also illuminating about the political background to the events in Tiananmen Square last summer. Her summary of the Poliburo in-fighting is as good as I have so far read.

Here is a drawback as well.

If her autobiography is sketchy, that's because she never had time for a "life". There are too many chapters, too many incidents. When Hollingworth paints with a broad brush, she paints selectively. Thus, in contemplating Vietnam, she quite rightly focuses attention on a question that continues to vex historians (including those in Hanoi): how was it, when so many Vietnamese detested the Americans as much as they had detested the French, Diem and his successors were able to recruit such large numbers of mortar fodder into the Saigon army? Hollingworth's answer, that the soldiers were *forcibly* recruited, is correct, but only partially so. There were other reasons: for example, the pay, job-security, and a fear of *khmer*.

Justin Wintle

Potpourri of poetry

ANTHOLOGIES of poetry are always unsatisfactory. Cohesion (a few poets in depth) or eclecticism (lots of poets, with a smattering of poems each); either way the anthology can't win. Either model will lead to calls of partiality, idiosyncrasy, glaring omission.

In his introduction to *Post-War British Poets* Dannie Abse shows a clear awareness of the problem. He takes the eclectic option - with 45 years to cover he could hardly do otherwise - trusting, as he says, that the result "is not entirely without the edge of personal bias." Certainly the omissions aren't glaring in the way that some of Yeats's were in his notorious *Oxford Book of Modern Verse*. Nor is any reader likely to "sneak" from page after page, as Donald Davie did encountering Larkin's equally eccentric *Oxford Book of 20th Century English Verse*. All the same, it is hard to feel more than muted enthusiasm for the Abse potpourri.

Not that the anthology lacks generosity. Abse is, for instance, properly welcoming to Welsh and Scottish poets (who were virtually invisible in the Andrew Motion/Blake Morrison Penguin *Book of Contemporary British Poetry*). Nonetheless a round up of 95 poets and some 200 poems must blur most edges: there went James Larkin; there Medbh McGuckian; there Alan Ross; there Cael Turbull. And if this whistle-stop tour does at least give a dizzying

THE HUTCHINSON BOOK OF POST-WAR BRITISH POETS
edited by Dannie Abse
Hutchinson £14.95, 273 pages

NINETIES
by Jeremy Reed
Jonathan Cape £7.95, 148 pages

Impression of eclecticism, why do we have no brief haunts at Ian Hamilton, Peter Levi, Jeremy Harker, Peter Scupham, Dick Davis, Robert Wells or Allister Elliot - to mention only a few noticeable absences?

Moreover it certainly is a "dynamic edge of personal bias" that awards Douglas Dunn and Alasdair Maclean five poems each (the highest strike rate), whilst choosing to represent the marvellously inventive, and now newly reckless, James Fenton by the relatively minor "Pete's Notebook." His "Children in Exile" has, after all, been one of the major poems by a British poet in recent years. And why, for that matter, don't we have the whole of Andrew Motion's extremely moving and evocative elegy to Larkin "This is Your Subject Speaking," when Abse is happy to include Larkin's long "Whitsun Weddings" (Again, did this really need anthologising if the principle is eclecticism not cohesion?)

That said, *Post-War British Poets* is not short of pleasures; and pleasure "in all its subtle

combinations of intellect and feeling" was rightly Abse's guide in his choice of poems. The less famous like Carol Ann Duffy ("Standing Female Nude," "The Virgin Punishing the Infant"), Charles Causley ("On Phrontis," "Family Feeling," "The Wind"), and Roy Fisher (particularly the hilarious "Paraphrases") have plenty to offer; as have the more obviously canonical figures like Gunn, Harrison, Heaney, Hill, Larkin, E.S. Thomas. The striking, the poignant, the angry, the comic, the lyrical, they are all here and if one is left feeling - to adapt a Christopher Reid title - that this is an anthology of "medium sized poems with loose connections," that is infinitely preferable to a blandly joyless hotchpotch.

One entirely accidental pleasure is the discovery in the contents that John Fuller is seven years older than he always thought he was, that Blake Morrison is six years younger and that Jeremy Reed is in the unusual position of apparently not having been born at all, or so long ago that a date of birth has become somehow superfluous. This impression is if anything reinforced by reading his new collection *Nineties*. Which pinches? You keep wondering. Despite poems with titles like "David Bowie," "Lou Reed," "Aids," "Transsexuality," "Samaritans," we seem to be more in the nineties of Lionel Johnson than Linton Kwee. A "white sea" is priced by a red carnation, "windows open" on the flowering gulf, "such almond-pinks and fiery minnows" are out of the moon. "A lost oriole flares above the beach," the "Lord of the sky's high blue space" is asked to "hear this prayer." Poem after poem has its own individuality and any initial enchantment palls, as more and more lucidness soaks the page. Perhaps a more severely pruned selection would have better directed, shown to better advantage, Reed's very evident love of words. As it is, the appetite is soon surfeited and longs for more astringent pleasures.

Harry Ricketts



Orlando purrs again

MENTION Orlando to anyone under 30 and you will probably start a conversation about Florida. Mention Orlando to a generation now in its forties and fifties and - no, they won't think of Shakespeare's hero in *As You Like It*.

For Orlando is the Marmalade Cat, whose gooseberry green eyes gleamed out of 18 best-selling children's books during the Second World War and the post-war years. Summertime story after story with his "dear wife Grace," their tails affectionately entwined, their three kittens rollicking in glorious colour, Orlando became a household word. His adventures broadcast on BBC radio's *Children's Hour* and staged as a Festival of Britain ballet in 1951.

The lively text and distinctive, detailed illustrations, full of visual jokes, enchanted thousands of children between 1938 and the early 1970s, when Orlando titles began to retire to the second hand bookshelves. Puffin sized editions (10 x 14 inches) fetch fancy prices as collectors' items - but lucky the modern child whose parents and grandparents have cared less for that than for saving a well thumbed Orlando or two to read aloud.

Frederick Warne, a long established children's publishing company now in the Penguin Group, recently outbid Methuen and Collins to launch, at £9.99 each, new hard editions of at least four of the 18 titles in the series, with

Puffin paperback editions to follow from 1991. *Orlando the Marmalade Cat*, *A Camping Holiday* and *Orlando Keeps A Dog* have just appeared again in the bookshops.

Miss Kathleen Hale is Orlando's onlie begueter. Self-critical, humorous, bright and sharp as a tack, she will be 92 on May 24, still determined to be what she has never found quite enough time to be to her own satisfaction - a serious artist. She was a contemporary of L.S. Lowry at Manchester Art School before the First World War. Her work has been exhibited by, among many, the New English Art Club, the Grosvenor Galleries, the New Grafton Gallery. Later this month, her linocut prints will be shown at the Oxford Printers' Cooperative, in Tyndale Road.

She has supervised every stage of production for the Orlando re-publication, besides making some textual changes and adjusting illustrations which, in the original editions, represented a milestone in the history of children's books, reflecting Miss Hale's pioneering techniques in colour lithography. Drawn directly into the printers' plates, bright colours such as Orlando's orange fur contrast with softer background; the pictures resemble crayon drawings, child-friendly, eye-catching. The early plates have been lost; Warne had to find the best available first editions on which to base today's copies.

Though the first title was published simultaneously in London and New York in 1938, Orlando has so far failed to find an American readership. But this solidly reliable fellow, patriarch, British to the claw, furred with family values, has recently acquired cult-of-the-cute status in Japan, where *Camping Holiday*, translated into Japanese, has sold over 38,000 copies since 1982, pounced upon by young women rather than children, it seems, with marketing spin-offs such as Orlando make-up bags. UK sales data remain hopelessly muddled, even nonexistent. Orlando has been published by many publishers (Country Life, John Murray, Cape, Puffin, Chatto) in many editions. Nine lives seems an underestimate.

Says Kathleen Hale, "Angustina John told me that *Henrietta the Faithful Hen*, another of my children's books, was worth all the Orlando put together." She looks critically at *Henrietta*, first published in 1943. "Ruined by wartime paper shortages; look, no margins. I didn't like it much then, but it has become one of my favourites. It's so funny. I read it again the other day, and laughed like mad." Resplendent in a quilted jacket and wonderfully gaudy socks, with silver jewellery perfectly complementing her thick silver hair, Miss Hale's grin is that of a nine-year-old.

Gay Firth

Trapped by Anne Boleyn

CARDINAL WOLSEY was one of the ablest figures ever to hold power in England - for some fifteen years - and one of the most unpopular in his own day and ever since. He has never had justice done him; to achieve that is the aim of this book. I suspect that most people's image of Lord Chancellor and Papal Legate, all at the same time. It was too much. He should have kept a lower profile - as William Cecil, Elizabeth I's chief minister, did. When she wanted to make him an earl, he wouldn't have it and took only the lowest rank in peerage. He knew how to deflect envy.

In foreign affairs Wolsey took immense pains to maintain a balance of power, between Germany and France, favourable to England. In the end he was trapped by Anne Boleyn's determination to be queen and Wolsey, though legate and all the rest of it, could not deliver the goods of a divorce for Henry from a divorce for Aragon. His policy was bankrupt. His Chamberlain in 1540. This is how and why politics fail.

Mr Gwyn realises well that they need luck as well as ability, and Wolsey's luck had run out. It is like Mark Antony's *Actium*; "the God had left him." Also by the end Wolsey was an old man, perhaps tired and losing grip. His fall from power needs no explanation.

What does it say about the past and the tradition have been so unfair to him. I think they have taken the outrageous trappings for the real man and forgotten the conscientious work he did for the country. Mr Gwyn has set himself to rectify this, and he is right in the result he has produced a new work in the tradition of great historical writing. On every page he argues the case with secondary historians, though we really don't need to answer them.

THE KING'S CARDINAL
by Peter Gwyn
Barrie & Jenkins £20, 666 pages

conspicuous and grasping. Archbishop of York, Bishop of Winchester, Abbot of St Albans, Bishop of Tournai, Lord Chancellor and Papal Legate, all at the same time. It was too much. He should have kept a lower profile - as William Cecil, Elizabeth I's chief minister, did. When she wanted to make him an earl, he wouldn't have it and took only the lowest rank in peerage. He knew how to deflect envy.

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A.L. Rowse



New hope for tinnitus, sudden deafness and vertigo sufferers through a new method from Germany. BIOMENTAL THERAPY, recommended by the leading medical journal *Deutsches Arzteblatt*. Read the book by the noted ear specialist and psychologist, who developed this breakthrough treatment, Dr. Hans Gruzel. Just reading it will help! Paperback, ISBN 3-9801 449-2-5, 110 pages, £ 19.50, DM 24.80. For more information or to order: Europe: VDG, Rheinland 124, 4000 Düsseldorf 11, West Germany. U.S.A.: Call 1-800-255-2665 or write to VDG, P.O. Box 1197, F.D.R. Station, New York, NY 10159/1197.

ARTS

Golden year for gilt-framed investments

Robin Duthy takes an overview of the international art market and finds it in good health, whatever the criteria

PRICES for Western art rose by 58 per cent last year, the fastest rate yet recorded. In US dollar terms the market was up by 50 per cent and in terms of the yen by 81 per cent. The figures are based on 18 indexes of European and American painting ranging from Dutch and Flemish Old Masters to the New York School of the 1950s.

Within the average, the French Impressionist index put on an impressive 195 per cent in sterling terms, with the American Impressionists close behind with a rise of 180 per cent. The laggards in a year of sparkling performance were American 19th century painting with a drop of 9 per cent, and English sporting painting with a rise of just 7 per cent.

Over the longer term growth rates vary more depending on the currency they are calculated in. For example, since 1975, Western art has risen by 570 per cent in US dollar terms by 650 per cent and in yen terms by 240 per cent.

A different picture emerges when you compare art investment and stock market investment in different countries. To the British investor the 870 per cent rise in the art market compares favourably with the 384 per cent rise in the FT 30 Share Index over the same period (see table). For the American investor the art market's 650 per cent rise is even more satisfactory when seen in relation to the 185 per cent rise in the Dow Jones.

To a Japanese investor though, art has made a poor showing - the market has risen 240 per cent compared with a 630 per cent rise for the Nikkei Average. Japanese perception of art as an investment could begin to change, now

that its 50 per cent rise last year has paced the Nikkei's 20 per cent growth. Many people outside the art world - and quite a few inside - consider 50m a crazy sum to pay for a painting. That is because they fail to take account of the hierarchy of values that provide a coherent foundation and rationale for such prices.

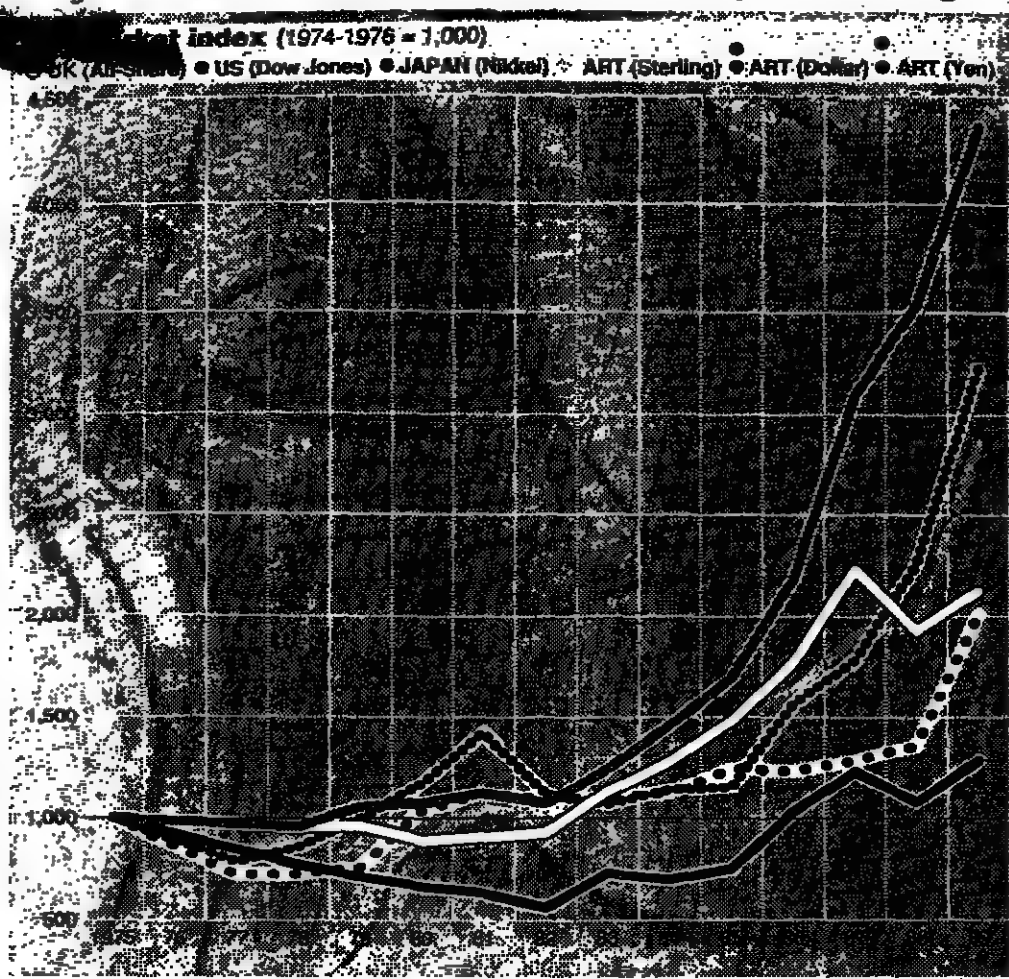
According to Art Sales Index, 192 paintings were sold last season for more than £1m. Of the 69 artists in question, Picasso made it 25 times; Monet 23 and Renoir 19. Many more artists broke this barrier, though they are hardly household names - Braud, Dardel, Fendergast, Waldmiller and Whittridge to name a few.

Moving down the price pyramid, the second stratum consists of a host of hammer prices in the £100,000 to £1m range which "supported" the level above, and so on down to the lowest stratum, made up of water-colours in the £100 to £300 range.

While £50m may be a surprising price to many, it doesn't follow that it is ill-considered or unsound. Interestingly, those who regard these prices as some kind of high-wire act are also quick to forecast a crash, in senses, hope for - a resounding crash.

The art market certainly has problems, but not of a kind that should seriously rock the boat. Indeed, some of the mindless ginning for the salerooms stems from envy of their astonishing success. In a two-hour sale last year, for example, Christie's exceeded its annual turnover of 10 years ago.

Loans made by auctioneers to would-be buyers have come under attack for effectively inflating hammer prices. Did Sotheby's loan of £15m to



Alan Bond inflate the price he paid in 1987 for Van Gogh's *Irises*? The answer is probably, yes.

But that is not the end of the story. Financial institutions inflate house prices by overvaluing when flush with money. Banks and retailers fall over each other in the scramble to lend customers money to buy cars, boats and other unproductive investments. Just how inflationary the credit boom has been is open to debate. Yet who is to say the auctioneers may not jump aboard? And if hammer prices are inflated as a result, then the auctioneer's duty to the vendor, one could say, is the more properly discharged.

Bowing to media and other pressure, Sotheby's has now jumped rather prematurely off, with the announcement on January 12 that it had abandoned buyer loans in favour of what could be a largely cosmetic change. They will now lend against a suitable work of art 90 days after it has been bought, the buyer - perhaps with a bridging loan - having meanwhile paid in full.

Though Sotheby's has backed down for the moment, the collateralisation of art - basically an upscale development of pawnbroking - seems to have a bright future. And why not? Auctioneers have a tougher time dealing with their three-way conflict of interest. If, as they acknowledge, their first duty is to the vendor, how can they give objective advice, including advice on how much to bid, to prospective buyers? And while working with that problem, can they be expected to ignore their own interests entirely?

Bad feeling is also caused by the saleroom's concealment of reserves and the associated practice of taking bids off the chandelier up to, and some say

beyond, the reserve. The chemistry of a successful auction depends upon factors such as greed, envy, bravado, and pride being catalysed by art into a battle for ownership. The saleroom's argument that awareness of the reserve would chill the bidding may be valid. But whatever the tradition, to pretend that people are bidding when they are not is a deception. Many an auctioneer would welcome a more open system.

But these are procedural questions that are unlikely to affect the market's strength. The argument for continued growth is, first, that the market has become more international in two senses. Auction turnover is increasing in places off the main circuit of London, New York and Paris. There is a general broadening of taste too, with collectors now more willing to buy foreign and previously unfamiliar schools of painting.

Then too, there is the evidence since the stock market crash of October 1987 that the art market can climb strongly and independently of other markets. There is the continuing flood of art publications, exhibitions, television and radio programmes and, not least, the growing awareness of continuous art-buying opportunities. Finally, there is a circular benefit that developed with the acceleration in art prices over the last five years. The better the art market's investment record, the more people are attracted to buy; and the more people buy, the better the investment record looks.

Some slowing of growth in 1989/90 is likely - perhaps down to around 10 per cent in dollar terms. But on the heels of the recent surge, a year of consolidation would make the market's investment credentials stronger still.

Winners and losers in the percentage stakes

DUTCH/FLEMISH
17th century painting
With a rise of 58 per cent since 1975, 17th century Dutch and Flemish painting remains the laggard of the market over the longer term. Even the 26 per cent jump last year was below the average and surprising in the light of the market's overall strength.

Record prices for Dutch, Flemish and Italian Old Masters have been set in the past year, yet the mainstream of the market climbs slowly. New buyers may be deterred by problems of attribution and condition. At some point, the cheapness of, say, a middle range Jan van Goyen at £16,000 - just 50 per cent above his 1975 price - will be recognised. Also under-performing are Thomas Heermans' landscapes - up just 60 per cent - and Joost Cornelis Droochtsloot's peasant scenes, up 130 per cent.

Among the strongest rises are Abraham Storck up 600 per cent; David Teniers the Younger up 750 per cent; and Salomon van Ruysdael up 810 per cent. One can see how Old Master paintings and, especially the 17th century, have become a safe haven for the dynamic image the new generation of collectors are keen to project. The problem is that having seen, say, the Frans Hals exhibition at the Royal Academy there are no Hals paintings to buy, and the same is true of several of 17th century artists. Even so, some of this sector's lost ground should be made up in time.

Artists: Jan Frans van Bloemen +220 per cent; Pieter Bruegel the Younger +320 per cent; Joost Cornelis Droochtsloot +130 per cent; Frans Francken II +270 per cent; Jan van Goyen +50 per cent; Egbert van Heemskerck +180 per cent; Thomas Heermans +60 per cent; Jan Miense Molenaer +300 per cent; Adriaen van Ostade +480 per cent; Salomon van Ruysdael +810 per cent; Abraham Storck +600 per cent; David Teniers the Younger +750 per cent.

ENGLISH SPORTING PAINTING
The Index of English Sporting Painting rose by 7 per cent last year to give an increase of 870 per cent since 1975. The field still depends heavily on specialist annual sales in New York. Prices for the profile John Herring (snr) have barely changed over four years, with the average price of £23,000 now showing a rise of 450 per cent since 1975. The market has been flat too for John

Ferneley (snr) whose average price at £21,000 is up 400 per cent over the same period. The strongest performance has been for Harry Hall whose paintings sold for around £500 in 1975 and have since climbed 1180 per cent to an average of £7200. Both Wootton and Sartorius have slipped back after peaking in 1988 and are now showing increases of 530 per cent and 740 per cent. Britain's best horse-painters Marshall and Stubbs are too rarely sold at auction to form part of the index.

Artists: John Ferneley (snr) +400 per cent; John Herring (snr) +460 per cent; John Nott Sartorius +740 per cent; John Wootton +530 per cent; Harry Hall +1180 per cent.

ENGLISH WATERCOLOURS
Exceptional and growing demand for Helen Allingham's now up 2270 per cent since 1975 to an average of £8800 - encapsulates the story of this market. Her sketched cottages, longloves and other little children have an ideal quality that makes them perfect examples of art.

A rise of 80 per cent by Myles Birkin Foster last year brings the overall rise for his work to 1000 per cent since 1975. Albert Goodwin has added another 25 per cent to bring the increase for his work to 1120 per cent. David Roberts has added last year alone as the long-awaited return of the 19th century painter to the market. At £11,000 an average Roberts has climbed 1500 per cent since 1975.

The pretty and colourful works now rising most rapidly are the very ones that made up the staple diet of new collectors in Victorian times. Even a profile watercolourist like Thomas Bush Hardy - 80 of whose competent mechanical marine subjects are sold every year - has managed a rise of 420 per cent. While the emphasis is on the decorative, the more restrained watercolourists of the earlier 19th century such as Paul Sandby, John Varley, and Samuel Prout continue to look cheap.

Artists: Helen Allingham +2270 per cent; William Bell +485 per cent; David Cox +430 per cent; Anthony Vanduyke Copley Fielding +435 per cent; Myles Birkin Foster +1000 per cent; Albert Goodwin +1120 per cent; Augustus Osborne Lamplough +240 per cent; David Roberts +1460 per cent; Peter de Wint +680 per cent.

VICTORIAN PAINTING
After years of below average

growth the Victorian sector came to life last year with a 54 per cent rise compared with 8 per cent in 1988. The rise since 1975 now stands at 610 per cent. The artists in the index are mainstream, easy-to-like and craftsmanlike practitioners of their art. Often dismissed as a weak emulator of Constable, F.W. Watts emerges as the star performer of this index with a rise of 135 per cent last year to make an increase of 1280 per cent since 1975. Next comes Sidney Richard Percy whose polished and mildly romantic landscapes have risen by 910 per cent to an average of £5000. Over the years the artists in this index have moved forward

| ART MARKET SURVEY | | | | |
|------------------------|------|------|----------|-------|
| Category | 1975 | 1989 | % Change | Index |
| Dutch/Flemish | 100 | 158 | +58 | 158 |
| English Sporting | 100 | 107 | +7 | 107 |
| English 18th/19th | 100 | 91 | -9 | 91 |
| French Impressionist | 100 | 295 | +195 | 295 |
| German Expressionist | 100 | 140 | +40 | 140 |
| Surrealist | 100 | 110 | +10 | 110 |
| American Impressionist | 100 | 180 | +80 | 180 |
| American 19th Century | 100 | 91 | -9 | 91 |
| American 20th Century | 100 | 150 | +50 | 150 |
| American Abstract | 100 | 140 | +40 | 140 |

in turn and slowed while the others caught up. Last year it was the turn of the watercolourists Benjamin Leader and George Smith. If the pattern of change is maintained this year, it will be the turn of the 19th century painter. The rise since 1975 stands at just 220 per cent and perhaps James Webb whose British and Dutch scenes have risen by 310 per cent since 1975 to reach an average of £3800.

Artists: John Atkinson Grimshaw +850 per cent; Benjamin Leader +440 per cent; Sidney Niemann +220 per cent; Sidney Richard Percy +910 per cent; Henry Radnor +370 per cent; William Bell +485 per cent; George Smith +610 per cent; George Turner +700 per cent; F.W. Watts +1280 per cent; James Webb +310 per cent.

FRENCH IMPRESSIONISTS
Success breeds success. The sparkling performance of the French Impressionists as an investment has itself brought in a new tranche of buyers. As a whole the sector shows a rise of 2100 per cent since 1975 and a jump of 185 per cent in a year.

The outstanding change of the market has been the jump in the value of Claude Monet's work by 330 per cent in the last year. This brought the average price of the 42 works sold to £22,400 and the rise since 1975 to 5570 per cent. The figures are thought to owe a good deal to Japanese buying, though at the top of the market the eventual buyer is rarely the successful bidder.

Next comes Renoir with a one-year jump of 90 per cent making a 1550 per cent rise since 1975 to an average of £253,000 for the 150 works sold last year. The average of the 18 Stieglitz sold last year was £388,000 also making a rise since 1975 of 1560 per cent. Picasso prices were up 240 per cent last year to give a rise of 1220 per cent since 1975. Degas brings up the rear with a rise of 330 per

cent to an average of £150,000. Artists: Edgar Degas +530 per cent; Claude Monet +5570 per cent; Camille Pissarro +1220 per cent; Pierre Auguste Renoir +1580 per cent; Alfred Sisley +1550 per cent.

GERMAN EXPRESSIONISTS
With an increase of 23 per cent last year the German Expressionist index is now up 700 per cent on 1975, with signs that prices are now less dependent on demand in the German-speaking world. The core painters of the school, Kirchner, Heckel and Schmidt-Rottluff are each up around 500 per cent to average prices close to £8000. At this level their work

of 1470 per cent since 1975. This revival of interest is overdue in a school of major artistic importance. Several artists in the group painted only briefly in strict surreal style, yet it is often these works that are in greatest demand.

Artists: Victor Brauner +380 per cent; Giorgio de Chirico +470 per cent; Salvador Dali +380 per cent; Paul Delvaux +15 per cent; Max Ernst +280 per cent; Rene Magritte +450 per cent; Andre Masson +380 per cent; Joan Miro +840 per cent; Francis Picabia +1470 per cent; Kurt Schwitters +510 per cent; Yves Tanguy +400 per cent; Paul Klee +570 per cent.

THE SURREALISTS
The Surrealists are another group that has come to life with a 56 per cent rise last year following years of slow climb. Even the Salvador Dali market, once held back by nervousness over fakes, has soared. The average of £30,000 achieved for the 30 Dali sold last year was almost double the 1985 figure and up 360 per cent since 1975. Miro prices were up 135 per cent in the year to just over £100,000 making a rise of 840 per cent since 1975 and following a slack period after his death in 1983.

Rene Magritte's strange configurations have put on 58 per cent to reach an average of £70,000 and making a still modest rise of 450 per cent since 1975. The surprise in the sector was Francis Picabia, whose work almost quadrupled in two years to reach an average of £22,000, making a rise

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THE NEW YORK SCHOOL
The group includes Abstract Expressionists as well as representatives of Pop Art, Op Art and Colour Field painting. The overall index of 20 artists is up by 840 per cent since 1975 and by 70 per cent over the last

season. The remarkable variation in performance reflects New York's favour-of-the-month style of dealing. Serious and genuine revaluations can also be involved. For instance, an abnormally low rate of growth has been registered by Victor Vasarely (up 165 per cent since 1975) and Josef Albers (up 140 per cent, both respected artists whose use of colour now feels too theoretical).

At the other end of the scale, Adolf Gottlieb's work dipped last year by 33 per cent after a massive rise over the season, but is still showing a gain since 1975 of 1470 per cent. Gottlieb has been replaced at the head of the group by Robert Rauschenberg. Since Andy Warhol's death, his work has been cracked up by some critics and rubbished by others. Meanwhile, the market marked it up 80 per cent over the last year to make a gain of 740 per cent since 1975.

Artists: Josef Albers +740 per cent; Robert Rauschenberg +740 per cent; Alexander Calder +500 per cent; Adolf Gottlieb +1470 per cent; Hans Hofmann +780 per cent; Mark Tobey +370 per cent; William de Kooning +820 per cent; Robert Motherwell +480 per cent; Larry Rivers +790 per cent; Mark Tobey +370 per cent; Paul Jenkins +370 per cent; Frank Stella +1530 per cent; Cy Twombly +2130 per cent; Andy Warhol +780 per cent; Tom Wesselmann +380 per cent; Kenneth Noland +270 per cent; Helen Frankenthaler +1040 per cent; Victor Vasarely +165 per cent; Ad Reinhardt +730 per cent.

20th CENTURY ENGLISH PAINTING
The mixed bag of figurative or near-figurative artists in the group has added 38 per cent over the last auction season to make an overall rise since 1975 of 630 per cent. The greatest increase in the group has been registered by John Piper (up 1180 per cent) and Edward Seago (up 1060 per cent). Both new costs on average £2000 after a rise of 570 per cent since 1975. The two slowest movers since 1975 once again emerge as L.S. Lowry (up 220 per cent since 1975) and Graham Sutherland (up 220 per cent since 1975) with rises of 100 per cent and 70 per cent last year.

The miniature market took an unplanned dive last season but is still up 380 per cent since 1975. Widely seen as the equal of Stubbs and Marshall, and thus among the greatest of all British horse-painters, Munnings will surely bounce back this year. Montague Dawson's polished and detailed equestrian scenes added another 23 per cent last year to make the rise since 1975 620 per cent and bringing the average price of English artists to £15,000. Once considered the most gifted of a gifted generation at the Stude, Augustus John remains undervalued with a rise of 460 per cent since 1975 and an average price for his work (mainly drawings) of just £2400.

Artists: Montague Dawson +620 per cent; Russell Flint +720 per cent; Augustus John +460 per cent; Laura Knight +740 per cent; L.S. Lowry +220 per cent; Henry Moore +570 per cent; Alfred Munnings +860 per cent; John Piper +1180 per cent; Graham Sutherland +250 per cent; Edward Seago +1060 per cent.

19th CENTURY AMERICAN SCHOOL
With attention riveted on more exciting periods of American art, 19th century artists had a quiet year with an overall drop of 9 per cent, making the rise since 1975 580 per cent.

Prices for Albert Bierstadt's stately, romantic mountain scenes are hardly changed since 1985 though a 480 per cent rise since 1975 to an average of £18,000 has been registered. Jasper Cropsey, another poetic landscapist, has

put on 520 per cent since 1975. The exceptional performance of the group has been for Martin Johnson Heade who with Sanford Gifford and Frederic Church developed the Luminist movement. Even after a dip last season, Heade's prices have risen by 2540 per cent since 1975 to an average of £108,000.

Artists: Albert Bierstadt +520 per cent; Alfred Thompson Heade +2540 per cent; John George Brown +510 per cent; Jasper Cropsey +520 per cent; James MacDougal Hart +370 per cent; Martin Johnson Heade +2540 per cent; Thomas Hill +440 per cent; George Inness +390 per cent; Antonio Jacobsen +830 per cent; John Frederick Kensler +350 per cent; Thomas Moran +300 per cent; William L. Sonntag +540 per cent; Arthur Fitzwilliam Tait +400 per cent; William Alkan Walker +130 per cent.

18th CENTURY ENGLISH PORTRAITS
With an overall rise of 950 per cent since 1975 and a jump last year of 55 per cent, English portraits have been a fine investment. It took a decade for this sector to recover from the overly successful promotion by Duveen in the 1910s and 20s. It was then that he persuaded US collectors that the most lyrical of the group whose rich, dense and lyrical watercolours of rural America have won new admirers. Others in the group have also risen well above 100 per cent since 1975.

Artists: Thomas Hart Benton +890 per cent; Charles Burdfield +890 per cent; William Glavin +840 per cent; Marsden Hartley +980 per cent; Reginald Marsh +210 per cent; Raphael Soyer +110 per cent; Joseph Stella +840 per cent; Guy Wren +470 per cent; John Sloan +440 per cent.

AMERICAN IMPRESSIONISTS
Moving in line with their French mentors the American Impressionists have soared by 148 per cent over the last year to make a rise since 1975 of 2100 per cent. Nearly all the artists in the group studied in Paris and were indelibly influenced by French Impressionism.

Mary Cassatt's work has risen by 3100 per cent since 1975. Deeply respected by the French Impressionists with whom she was invited to exhibit in 1877, her mother and other studies give out warmth and affection yet are untouched by sentimentality. Prices for Childe Hassam, perhaps the most lyrical of the group, have climbed 2800 per cent to an average of £144,000. Prices overall are up 2140 per cent since 1975.

Artists: Mary Cassatt +3100 per cent; Childe Hassam +2800 per cent; Maurice Prendergast +2350 per cent; Willard Metcalf +410 per cent; Ernest Lawson +580 per cent; Edward Potbury +3780 per cent.

BARBISCH SCHOOL
Prices for the group as a whole have soared by 190 per cent over three years and by 550 per cent since 1975. The greatest rise has been for Corot (up 880 per cent since 1975).

Artists: William Beechey +720 per cent; Thomas Gainsborough +500 per cent; John Hopper +370 per cent; Joshua Reynolds +2050 per cent; George Romney +1000 per cent.

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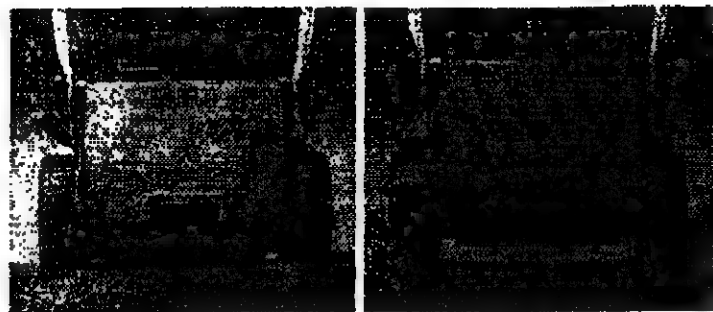
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In the campaign for a beautiful lawn, the Flymo Chevron range of roller rotary mowers is the corps d'élite. It's the first lawnmower designed to tackle rough grass as effectively as formal lawns.

It all comes down to the rear roller, unique to the Flymo Chevron. For long, rough grass, simply raise the roller* and the mower will slice through even the toughest patches.

The rotary blade system has 7 cutting heights from 1/2" to 2 1/4" and with the 420 range, these are all adjusted from one single point, so you can



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choose how close to cut your lawn. When you want classic stripes, simply lower the roller for a professional finish without the fuss. *Except the RE300 Twin.

| MODEL | PRICE FROM | CUTTING WIDTH | POWER | SELF DRIVE | KEY START |
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The Chevron range makes short work of mowing, with a lighter weight body for easy handling and turbo assisted grass collection, which sucks up the grass and packs it tightly into the box, so you don't need to empty it as often.

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SPORT

Will today's Cup final live up to all the hype?

Philip Coggan takes Manchester United to win against a Crystal Palace side full of team spirit

THE FA Cup final is the natural climax of the English football season. It may have been slightly devalued by the proliferation of competitions which end at Wembley, but it remains the big club game of the year.

Soccer legends are made and broken on this day - policeman on white horses, Stanley Matthews on the wing for Blackpool, Ricky Villa weaving through the Manchester City defence for Spurs.

Sadly, the game itself only occasionally lives up to the hype, and the presence of big-name clubs is rarely a guarantee of quality. Liverpool versus Wimbledon in 1988 was soporific. Spurs versus Coventry in 1987 was a classic.

This afternoon's match, between Manchester United and Crystal Palace, will do well to offer even half the excitement provided by the season's two semi-finals, where 13 goals were scored.

And this year, of course, the FA Cup final is being played at the end of the season. In just four weeks' time, the World Cup swings into action in Italy and continues for a whole month. Non-sports lovers will need to retire to a darkened room.

For those thinking already about the World Cup, the key performance to watch today will be that of United's Neil Webb. With two of the England midfield places virtually certain (Bryan Robson and Chris Waddle), England manager Bobby Robson might

have a choice between Paul Gascoigne and Webb for a third midfield place, assuming that John Barnes is played wide.

Playing both Gascoigne and Barnes might risk defensive frailty so Webb's tackling abilities could win him a place. My preference, however, would be to play John Barnes as a central striker with Gary Lineker in order to accommodate both Gascoigne and Webb in the side.

If today's teams were judged solely on this year's League form, then the game would be perceived as a very close contest. They ended the season with the same number of points - 48 - with Manchester United finishing two places higher because of a better goal difference.

Pool old Palace scored 42 goals but conceded 68, helped by an early 9-0 thrashing by Liverpool.

The difference in tradition, however, is vast. Manchester United have six previous victories to their credit and a win today would mean that they equal the record of seven wins held by Tottenham Hotspur and Aston Villa.

Crystal Palace, in contrast, are making their first appearance in the final.

There is also a vast difference in resources. Although Palace have been prepared to splash out on players - £1m on goalkeeper Nigel Martyn, £750,000 on central defender Andy Thorn - such sums pale into insignificance compared with



Steve Coppell, of Crystal Palace, who faces his biggest challenge as a manager today

the over-open chequebook of United.

Yet for all the expensive signings - Gary Pallister, Neil Webb, Paul Ince, Danny Wallace - manager Alex Ferguson has yet to convince

that he has fashioned a team out of his stars. During a dreadful patch in mid-season, United appeared to be heading for relegation.

Team spirit is something that Palace manager Steve Coppell has managed to build at the south-east London club, judging by the team's semi-final performance against

Liverpool.

Coppell was, of course, a highly successful player for United, appearing in three Cup semi-finals in the late 1970s before injury finished his career.

He always seemed one of the game's more intelligent players

and a natural for the manager's position. Although he does not have the larger-than-life charisma of earlier Palace managers such as Malcolm Allison or Terry Venables, he obviously had the motivational ability to lift his players after the crushing 9-0

early season defeat by Liverpool.

One pleasant side-effect of Palace's success, amid all the current furor about soccer violence, is that a club with a wholesome reputation has reached Wembley. David Jensen, the Capital Radio presenter who has been president of the Palace members club for the last six seasons, says he was first attracted to the south London side by the friendly atmosphere and by the number of women fans who support the team.

Despite its proximity to the much feared (though now rehabilitating) Millwall, Palace have never had a reputation for hooliganism. And Jensen says that when Palace won promotion from the First Division last season, he was surprised at the number of neutral fans who came up and congratulated him.

Indeed, Palace will probably be the team supported by neutrals on TV and at Wembley too.

However, the sheer number of those neutrals is one of the few things that spoil Jensen's pleasure at reaching the final.

The south London side has been allotted just 14,000 seats (compared with 25,000 for Manchester United), which means that the two sets of supporters will comprise less than half the total capacity of 82,000. Palace's allocation compares with its average gate of over 17,000 and the 30,000 or so who have attended this season's major fixtures.

So which of the teams is most likely to lift the trophy? At the start of the season I tipped Manchester United to win one of the cups, so there is no point in changing my mind now.

The manner of their run has somehow seemed to mark them out as potential Cup winners - in particular, the long series of difficult away games.

Teams which play as talented individuals rather than as tightly-knit units are in any case more likely to win cups than league titles.

If the midfield partnership of Bryan Robson and Neil Webb, only recently restored to fitness, can lend support to Mark Hughes upfront today, the Palace defence should come under real pressure. At the other end, there should be a fascinating struggle between the striking combination of Ian Wright (16) and Mark Bright (10) and the much improved (although still fallible) central defensive partnership of Steve Bruce and Gary Pallister.

On the evidence of the semi-final, Palace could cause chaos at set pieces.

However, player for player, United appear to have the advantage in virtually every position. Even if that has not prevented upsets in the past, we may have had - thanks to Wimbledon and Coventry - our ration of surprise winners for a few years. I think that the United players will secure Alex Ferguson's job for another season with a 3-1 victory today.

How we can find a British Becker

THE ATMOSPHERE at Arsenal Football Club's £14m training hall was suitably intense. The youngsters were working as hard as they could under the guidance of the coach on the sideline. Clearly they were enjoying the experience of developing their talents.

On Cup final day you may be excused for thinking that I am talking about the footballing stars of the future. You would be wrong. For the five young men I met in the hall were not future stars, they were current stars. They are the members of Arsenal's tennis trainee squad, a one- or two-year programme in leisure and management for promising players between 16 and 18, which is part of the national youth training scheme.

The trainees are paid £35 per week in the first year and £40 in the second. In addition, their living expenses are met through a grant made to the Delta Training Agency (part of the Grand Metropolitan

Community Services Trust), which is approved to run training schemes for young people and employment training for adults in activities as wide-ranging as catering and motor mechanics.

The project began last September. From the dozens of applicants, six were selected, but one has since left. Of the remaining five, two are Scottish - Euan McIlm, 18, a full Scottish international who will be leaving in July to take up a scholarship at the University of Arkansas, and Andrew Smith, 18, who used to make a 200-mile round trip every Monday to train.

Neil Darragh, 17, hopes to go to a US university. Michael Wyeth, 17, might turn to graphic design if he fails to make it on the pro circuit. Nicky Giles, 16, the youngest, is full of enthusiasm for the discipline

and skills he is acquiring.

They are an interesting bunch, all with a level of attainment in local tennis that is not quite impressive enough to earn them the privileges of national training. But that does not mean they do not have the talent to succeed. Not all youngsters progress at the same rate.

The five Arsenal boys are typical of a large group of keen and able performers in Britain who lack the finance and facilities necessary to develop their skills as young professionals. In any sport there is no magic process which produces champions.

The qualities required are universal - talent, ambition, an athletic frame and a capacity to work harder than your rivals. But there are two other requirements, without which no one succeeds - sound

guidance and the opportunity to train and compete.

For too long now those vital ingredients have been unavailable to too many. The Lawn Tennis Association is highly conscious of the need to spread the appeal of the game to a wider public. The sport has suffered from a middle-class image. Until British tennis can rival football, cricket, athletics, swimming, gymnastics and golf in popularity there is little prospect of it attracting a fair share of the nation's best athletes. Nor can we expect national standards to rise significantly until the base of the tennis pyramid has been widened significantly.

Thus a great deal of emphasis is being put upon the activities of the Tennis Trust, a body committed to taking the

game to a wider public through interactive schemes with local authorities and schools. According to the trust's Jim Coates, the message is at last getting across.

Bradford, Newcastle and Stockport have appointed full-time tennis development officers, and in Liverpool, Rochdale and several of the London boroughs there are part-time tennis officers. The exciting thing about the Arsenal experiment is that it echoes this same theme.

Every trainee contributes both to the running of the sports centre and to the development of sport within the community. Every week the boys visit the 12 primary schools in the Highbury area to supervise instruction in tennis, hockey and soccer. Trainees must also attend col-

lege courses in the basics of leisure and recreational management, sports leadership, first aid, swimming, weightlifting, volleyball and football.

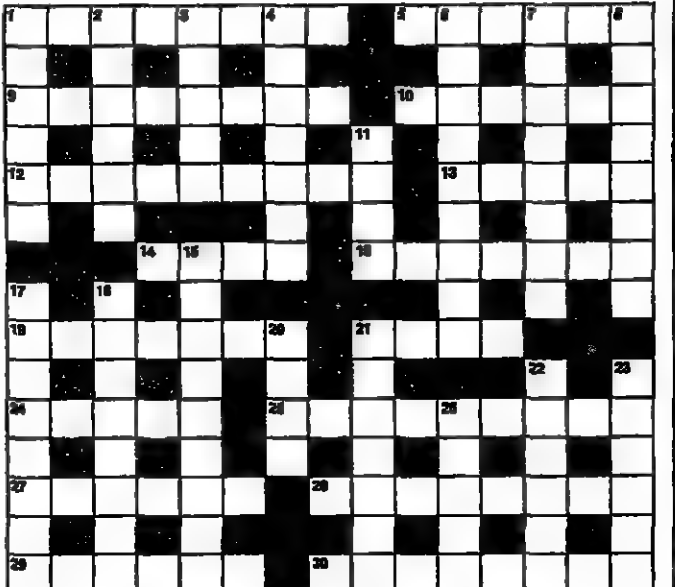
When their playing days are over, these young men will have the skills to become coaches or managers of leisure centres - if that is what they want. The man who instructs the boys on court is Aubrey Barnett, a 29-year-old coach.

For instance, of scheme officers existing prospects. All 42 clubs in the Football League operate youth training schemes; so do six non-League clubs. Imagine the impact on tennis if the Arsenal experiment was repeated in some of these clubs and at all the new indoor tennis facilities which are springing up. Perhaps then a British Becker or Graf would emerge. Until we give our youngsters the same chance as their European rivals, we shall never know.

John Barrett

CROSSWORD

No. 7236 Set by HIGHLANDER
Prizes of £10 each for the first five correct solutions opened.
Solutions to be received by Wednesday May 23, enclosed Crossword 7236 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9EL. Solution on Saturday May 26.



- ACROSS
- Vessel's light source is left in one piece as stated (3)
 - Some uninhibited ladies initially make effort displaying passion (6)
 - People rarely come outside and left cheese (8)
 - For instance, most of them have a breathing problem (6)
 - Handle deal perhaps hoping there's no mishap (5,4)
 - Board make progress (3,2)
 - Name of course produces backlash (4)
 - Put two points before school board (7)
 - Deal with vehicles on road (7)
 - They are not working clothes (4)
 - Make fast connection (3-2)
 - One telling tales can true or false? (6)
 - Porridge that is slightly below par (5)
 - Half a semibreve is a note to play down (8)
 - Come up with oriental blend (6)
 - Transport system without grain of intelligence (8)

DOWN

- Most newspapers closed immediately (6)
- What's behind beginnings of unrest and social disruption (6)
- Possibly Quasimodo drops back by instinct (6)
- Start from shed at bottom of field (4,3)
- Mishandled things due to not having clear view (8)
- Cook hit at one, an island (8)
- After end of May, paid in yen (9)
- Take it easy, said hard (4)
- Issue which is not available bound (9)
- It is possible to declare former reserves held by firm (6)

Solution to Puzzle No. 7235

SCOTTISH WHISKY
CENTURY GASPAMP
STRAWBERRY TRIS
WILDS BELLOPE
GOLDEN FISH
ABEL REICHTATE
FISHBORN AGROBATE
KENNEDY JERIN

Mrs A. Allen, Kirkcaldy, Glasgow; H.R. Bush, Rumbly Bridge, Kinross; Mrs B. Carter, London W2; N.G. Hanson, Abbotsbury, Dorset; Diana Rankin, Castle Douglas, Scotland.

TELEVISION & RADIO

SATURDAY

SCOTTISH
1200 pm BBC Scottish Cup Final (Abertawe, 1200 pm).
1200 pm BBC Scottish Cup Final (Abertawe, 1200 pm).
1200 pm BBC Scottish Cup Final (Abertawe, 1200 pm).

ANGLO
1100 pm Starting Robert Redford... "The Heat of the Moment".

CENTRAL
1200 pm BBC Scottish Cup Final (Abertawe, 1200 pm).

CHANNEL 4
1200 pm BBC Scottish Cup Final (Abertawe, 1200 pm).

84C WALES
1200 pm BBC Scottish Cup Final (Abertawe, 1200 pm).

LONDON
1200 pm BBC Scottish Cup Final (Abertawe, 1200 pm).

SCOTTISH
1200 pm BBC Scottish Cup Final (Abertawe, 1200 pm).

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Property Plus

Section III

Costa Brava gets set for a comeback

Audrey Powell looks at homes in Spain

SPAIN loves its "costas," or coasts. On the Mediterranean side, you can work your way up from the sunny Costa del Sol through others called Almería (after the place), Cádiz (warm), Blanca (white), Azahar (orange blossom) and Dorada (golden) to the Costa Brava (rugged, or wild). Developers and hotels along that 1,000 mile-plus route are not averse to coming further east names to host their own areas.

The Costa Brava - running for about 100 miles from Blanes, above Barcelona, to the French border - is one of the longest-established of them although it seems to have been out of fashion of late among second home-buyers. But it could be due for a comeback.

It is Catalan country, with a strong French influence. Physically, the coast is a mix of steep cliffs and pine forests, popular beaches and hidden coves. It is less developed than the Costa del Sol, with its wall-to-wall tower blocks, and property certainly is cheaper.

The Costa Brava is the part of Spain that stands to gain most from the Channel tunnel and France's associated motorway,

building, which will enable British drivers to get there in a day without undue strain. (Some already make the Costa Brava in 12 hours from Boulogne). The area is also beginning to bask in the glow of the 1992 Olympic Games, based on Barcelona. Indeed, the coastal village of Ampurias, with its Greek and Roman ruins close to the resort of La Escala, is where the Olympic flame reaches Spain.

It takes 75 minutes to drive from La Escala to Barcelona, and high rentals for properties along that coast at Olympic time are a foregone conclusion. So, what might you find on the Costa Brava for holidays, a permanent home - or remunerative letting?

Howard Taylor, of Intercontinental Property Investments (IPI) in Brighton, East Sussex (0273-774-095), has been connected with this part of Spain for 11 years. He likes the village of Pala, 40 miles from the French border, which is part-19th century and part modern. The old quarter has been restored admirably and twice won national awards. Pala's curious name comes from the Latin "palus," meaning a swampy area - which it was until the



White duplexes overlooking the cove of Sa Tuna. Each has its own swimming pool and prices range from £125,000 to £160,000

marshland was drained. (They grew rice there for centuries).

Adjacent to the beach area is Pala's 18-hole golf course, with several housing developments being built on the fringe. There is for instance, La Reserva, with 38 linked villas under way in three acres - three bedrooms and two bathrooms in landscaped grounds with a communal swimming pool. Some properties also have their own plunge pool on an upstairs terrace. Prices from £115,000.

By the same local developer (Grupo IPI, but joined by the Surrey, England, firm of W. & R. Buxton) is a second scheme, Golf Royal. This comprises 45 two- and three-bedroom, two-bathroom apartments, again with a shared pool and some private ones. Prices start around £57,100 and go from £104,200 for the penthouses.

This is one of several projects for which the developer offers a private mortgage scheme, with the borrower paying 5 per

cent interest over three years on 40 per cent of the purchase price. There are also guaranteed rentals available to owners with some other schemes.

Nearby is the medieval town of Begur, from which a winding road leads to a cluster of a dozen white properties in the woods looking down through umbrella pines to the cove of Sa Tuna. These are duplexes - three bedrooms, two bathrooms, own swimming pool and a gated entrance. For the selection of this holidayway, you pay £135,000 to £160,000.

Further north along the coast is the Bay of Roses, with La Escala at its southern end. It is a typical "costa" story: the old fishing village that became an important tourist centre. But the authorities keep firm control. Planning permissions are difficult to get and tall buildings aren't allowed; indeed, green areas are encouraged. In 1986, the beaches around La Escala were voted the cleanest in the Med-

iterranean. Against this background, local builders tell you that land prices are rising steeply.

Here, a couple of roads back from the beach, is Pino Verde, made up of 50 one- to three-bedroom holiday flats selling from about £45,000 to £58,000. There is landscaped garden around the central pool and the area behind the development is reserved as green zone. A furniture package can be bought from £3,000.

For anyone seeking to join La Escala's 4,500 residents permanently, there is Green Park, in a quiet residential district. Twenty semi-detached villas are being built on a sloping site amid pine trees. They have three bedrooms, living/dining room, terrace, garage and garden. Again, there is a pool for residents with landscaping. Homes here sell from around £78,000.

These are a selection of Costa Brava properties offered by IPI. It has many more.

THERE ARE five rules for the British resident buying his first Spanish property: always instruct a local lawyer; never rely on a private agreement alone; make sure the amount of pesetas bought with sterling for a property deal is recorded officially; appoint a reliable agent to look after the property and pay bills in your absence; and never let to a foreign resident or Spanish national without a written tenancy agreement, prepared by a local lawyer, to enable you to regain possession.

There are gaps, of course - for instance, on the need for special care in buying beach-front properties - and Reay-Smith does seem rather out of touch with the real world of time-share. But many owners could well be glad of his explanation of parts of the intricate Spanish laws on letting.

Those planning to retire to Spain should note his comments on the cost of living. When he moved there in 1971, he estimated that a couple could live on an income of £1,500 a year.

Now, he reckons that "in 1990, they would need at least £2,000" - and this would mean dining out only occasionally and taking infrequent trips back to the UK. They might just be able to run a small car.

In all, though, he feels it should be possible for most people to maintain a given standard of living in Spain on about three-quarters of the gross income that would be necessary in Britain.

A. P.

THE PAIN-FREE way to buy a country house is with the help of a re-location agent or buying service. For a fee (usually covered many times by the savings on the purchase price), they eliminate the leg-work of motorways, map reading and weekends in expensive hotels. They will find your house and negotiate its price. The result? A great saving in finances and family stress.

The system is simple. The re-location agent, who is either independent or the buying service in an estate agency, works only for the purchaser. But there is one small snag: a buying service cannot handle properties that the "main" part of the firm is trying to sell. With an independent agent, the whole market is open.

To take you on, the re-location agent will first want to see you at home to learn how you and your family live along with details of the house you are leaving and what you want. If you are starting from London - Londoners find the service par-

How to find a house without looking

Gerald Cadogan examines the role of re-location agents - and what they can do for you

ticularly valuable - will you keep a main residence there, or a pied-à-terre, or nothing? Are you an aspiring gardener? Do you need room for big furniture, or wall space for pictures? Help in the house? Horses? Hunting? Swimming pool? The more you reveal, the more the agent can help.

Agents will want a retainer to cover postage, telephone and travel and to be set against the fee of around 1.5 per cent of the eventual price. What they offer is to do all the slogging and to inspect the houses before taking you to see only those they think are what you have in mind. They will advise on their condition and the cost of repairs, and can arrange a survey and tell you about reputable local builders.

Often, they find houses that you could not know about because they have never been put on the open market. In the present sticky conditions, many sellers instruct their agents to do business quietly. They are willing to wait for the right person (with ready money) and do not want the problems and frustrations of selling publicly.

Re-location agents must be local to be of use. They must know about village expansion plans and where new roads or chicken farms will go as well as schools, shopping, doctors and hospitals. They must be ready to warn you off properties and always to list their bad points. They cannot cover too large an area, even in

London where the buying service of Knight Frank and Rutley will find a place for you provided the price is over £1m. But, through their local offices, they will go for anything from a cottage to a stately home.

A medium-sized firm is Lane Fox, where Judith Milton set up a buying service in the Banbury office three years ago when Londoners began to realise that the M40 would open up a new stretch of the shires. She has been busy ever since in the area between the Cotswolds, the Berkshire downs and Rutlandshire.

Another firm, Stocks, started in 1984 and is a small independent group that charges only 1 per cent. Its five partners cover

southern England from West Sussex to Devon and up to the Welsh borders and Cheshire. Founder Paul Greenwood helped in 1986 to set up the Association of Re-location Agents, which has about 120 members throughout the UK.

This professional body publishes a list of members and their services and emphasises that their sole purpose is to buy properties; thus, to avoid conflicts of interest, it does not encourage estate agents to join.

When the tense moment comes to make an offer, re-location agents really show their worth. They stop your impulsive mistakes, putting themselves between you and the seller's agent. It is easy to close

advantageously. They will tell the other agent that you have the money (indeed, they are not likely to take you on if your purchase of a new house depends solely on selling the present one) and can drop the price by large amounts: say, from £450,000 to £350,000. "We know our clients and we know the market," says Greenwood.

"Many sellers still expect too much." And if something goes wrong and you have to get out of a deal, it is again an advantage to have the re-location agent do it for you. They can say things unemotionally that you, as a principal, cannot. Re-location agents and buying services may be new, but I should like one on my side.

■ Knight Frank and Rutley, 20 Bannockburn Square, London W1 (tel. 01-589-9171); Lane Fox, Middleton Cheney, Banbury, Oxon (0295-710-592); Stocks, Kemble Farm, Milnes, Malmesbury, Wilt (0686-880-333); Association of Re-location Agents, 185 Broadover Street, Edinburgh EH2 1DJ (031-225-2505).

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PROPERTY

Famous names that sell sun and games

Michael Hanson looks at golf developments in Spain associated with top players

TONY JACKLIN'S new championship golf course at San Roque, on the Costa del Sol, Spain, should be ready to play in September, after delays caused by last November's floods, which washed three of the newly-seeded fairways away. But although Tony Jacklin's name is all over the development - and his face grins from an on-site billboard, which is visible from the coastal highway - he is neither the developer nor the course architect.

His official title is director of golf, but even that does not make him the club professional, interviews for that post will take place this summer. Tony Jacklin can best be described as the co-ordinator, the front man, the Mr Fix-it.

The British Ryder Cup captain was director of golf at Sotogrande until 1985, when the Bolivian tycoon, Jaime Ortiz-Patino, bought what is now the Valderrama course. Jacklin left and bought Pepe Domecq's 340-acre San Roque estate, between Sotogrande and Gibraltar, acting on behalf of European Ferries.

Jacklin obtained planning consent to develop two pueblo-style villages at San Roque and to convert and extend Pepe Domecq's house as a golf clubhouse, which is to be the Andalusian headquarters of the PGA Tour. When European Ferries was taken over by P&O in 1987, P&O's subsidiary, Bovis International, decided to sell the San Roque project and concentrate on the other course development at La Manga, on the Costa Blanca.

San Roque was bought from Bovis by the Japanese golf company Asahi Kanko, through their connection with the British architect Dave Thomas, who had been brought in by Tony Jacklin to design the San Roque course. Asahi Kanko, the third-largest golf company in Japan, used to own the Old Thorns Golf Club at Liphook in Hampshire, which Thomas had designed

for Ken Wood (of Kenwood mixers fame), but this was later sold to another Japanese company, London Kosaldo.

Thomas, who until three years ago used to work in partnership with Peter Alliss, is Britain's most prolific golf-course architect, having designed 45 courses around the world, including the Belfry, the PGA's national headquarters near Birmingham. He now has a dozen courses in Britain in varying stages of design and construction.



Seve Ballesteros in action

construction, and his course for the Royal Golf Club at Barcelona opened last Saturday.

In 1984, Asahi Kanko opened the Seve Ballesteros Country Club at Ibaraki in Japan, which was designed by Dave Thomas, as is the Seve Ballesteros Golf Club at Izumi, which is due to open next spring. Thomas also designed the Tony Jacklin Golf and Country Club at Kumamoto, but this failed to obtain planning permission, and he is currently working on five more golf projects in Japan, including two at Hiroshima.

He is philosophical about his role at San Roque: "They don't

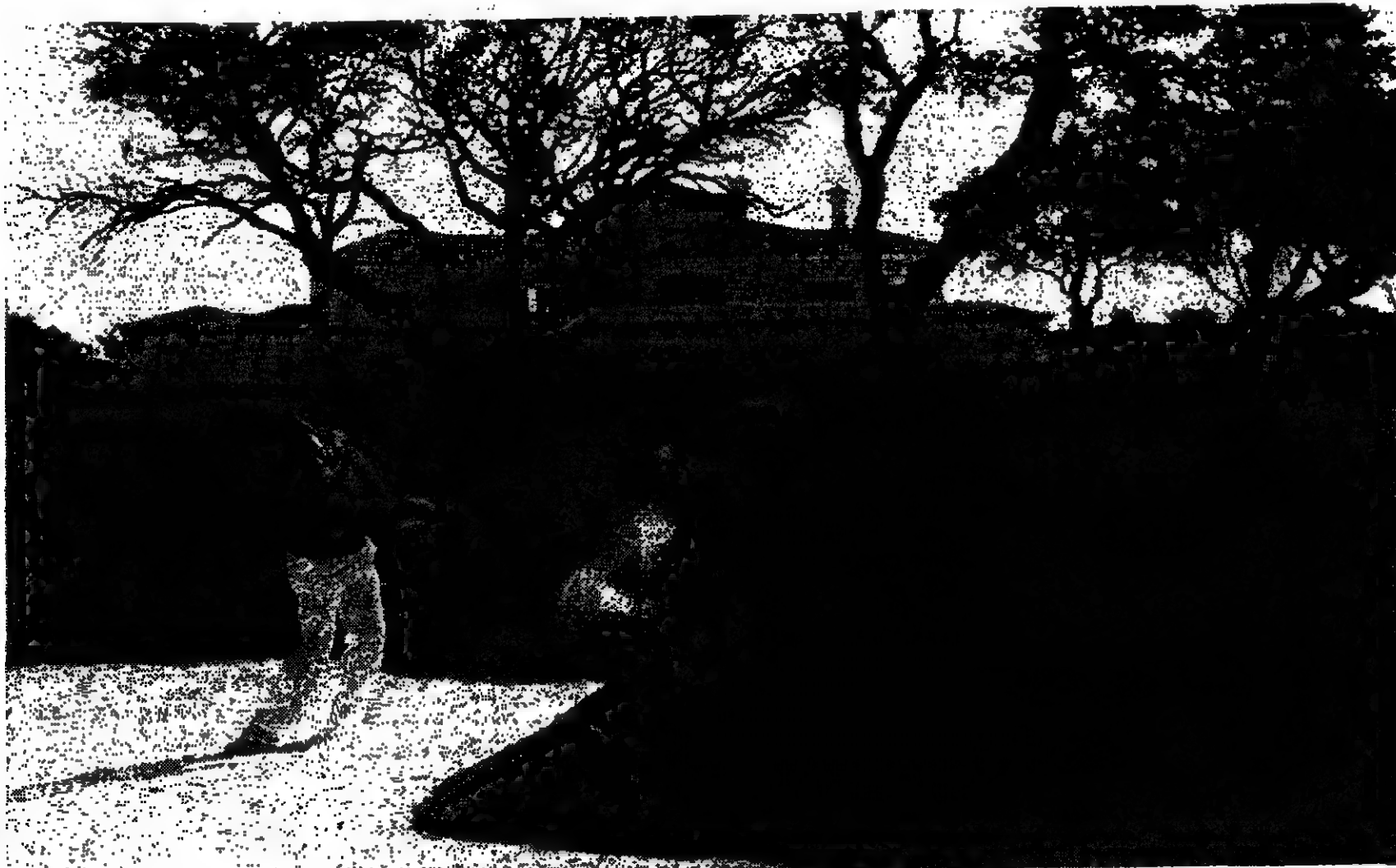
use my name to promote the development, only to design the golf course, which costs me another \$1m in fees." He must be crying all the way to the bank, for Tony Jacklin likes to say that the San Roque course is costing a million dollars a hole - about \$11m - but Asahi Kanko's total investment so far is \$20m, including \$6m for the roads and services for the associated housing development.

"The golf course at San Roque has cost \$3.5m to build, which is about \$200,000 per hole. I can build a course in England for half that, but in Japan it costs £1m a hole," says Thomas. "I like to design big greens and big bunkers, with everything in view." At San Roque he has also used a lot of water, with an artificial lake from which water is pumped around the course. In main roads, with pools and cascades.

On January 1 this year, Asahi Kanko brought in the Resort Group of Richmond, Surrey, as project co-ordinators for San Roque, and its associated company, Premier Marketing (tel: 061-522 1234) as sales agents.

Resort's directors, James Lees and Nigel Smith, used to manage La Manga for European Ferries. Over the next six years, 635 properties will be built at San Roque, ranging from two-bedroom apartments at prices from about £175,000 to half-acre plots from £250,000 each on which villas costing £500,000 or more can be built. The first properties are already under construction, including the largest villa of all, which is Tony Jacklin's, next to the first tee and the clubhouse.

Henry Longhurst once defined a golf architect as a man who knows a lot about golf and a little about everything else. Dave Thomas won the French, Dutch and Belgian Opens, died the British Open with Peter Thomson in 1958, came second to Jack Nicklaus in 1966, and played in four Ryder Cup teams. He and Seve Ballesteros were joint designers of the



Tony Jacklin on the ninth at San Roque

Westerwood golf course at Cumbernauld, near Glasgow. Now Seve has become a fully-fledged golf architect in his own right, working with his two brothers.

His first two projects in Spain are already being marketed. One is Los Argueros Golf, inland from San Pedro de Alc ntara. The other is Novo Sancti Petri, at Chiclana de la Frontera, near Cadiz.

Los Argueros is a 300-acre development by the Swedish construction and property company Consta Group AB, and a Spanish development company, WASA, run by two Swedish brothers, Jim and Lars Broberg.

The 18-hole golf course will not be ready for play until next year, but the first phase of what will eventually be 750 apartments and town houses have already been sold.

The second phase is now available, at prices from £60,000 for a one-bedroom apartment to £300,000 for a

four-bedroom house, while quarter-acre villa plots start at about £75,000. UK agents are Knight Frank and Rutley (tel: 071-629 8171) who will be opening an office on the Costa del Sol at Guadalquivir in July. Novo Sancti Petri is a 1,000-acre wooded estate with along, sandy beach on the Atlantic coast of Spain. It takes its name from an island two miles offshore, on which there is the site of a monastery. The developers are a Spanish company, Resor, Andalusia SA, run by Salvador Moll.

The first phase of 60 houses and 140 plots have all been sold to Spanish buyers. Now the next phase of 40 units is for sale at prices from £50,000 for a one-bedroom apartment up to £150,000 for a three-bedroom, while quarter-acre villa plots cost about £100,000. UK agents are Premier Marketing (tel: 061-522 1234). Seve's challenging 37-hole golf course - his first to be completed in Spain - is already in use.

Development fears

A GREAT part of the Algarve coastline has been destroyed, the Portuguese Ministry of the Environment has admitted. It said: "In the race to offer more for tourist development, quality has been forgotten."

This view has been matched by Government efforts to adhere to European Community standards of ecological protection on new coastal developments planned along the Atlantic coastline, particularly below Lisbon, but as far north as Caminha, Porto and Vagos.

The state and EC environmentalists' concerns about the standard and density of future developments are understandable given the degree to which Portuguese law leaves responsibility for planning to the *camara*, or local council.

There are no provisions for compulsory purchase of land and, if a development scheme appears to offer a *camara* the opportunity to transform its local economy and to offset its electors' rates with property taxes paid by incomers, the pressure to agree to the scheme is apparent.

Specific planning permissions can be overturned on appeal at Government level but, on past performance, appeals effectively mean a deferral rather than an outright block on build-

ing as the developer still holds the land and can rely on a friendly local council to assist in lobbying for a variant of the scheme.

For existing or prospective homebuyers in Portugal the medium and long-term implications of a largely uncontrollable wave of developments is to emphasise the value of properties in schemes where the environmental balance forms a key part of the part of the whole development strategy.

One obvious beneficiary of over-development elsewhere is the 1,000-acre Vale do Lobo project on the Algarve between Faro and Portim o.

An neighbour to the Rio Formosa National Nature Reserve, and with one of the lowest development densities on the Algarve coast, the 1,000 villas completed there in the past 25 years are counterbalanced by a claimed 400,000 pine trees plus a continuing replanting policy aimed at maintaining the resort's appeal. The property mix in Vale do Lobo (016-861-69-69-69-69) allows for one-bedroom apartments from around £250,000 to five-bedroom villas with pool for £285,000-plus.

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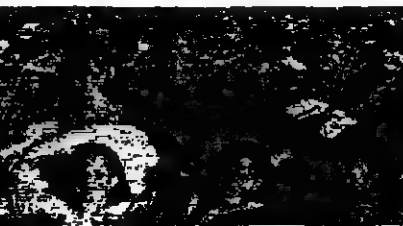
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has a few choice, individual properties for sale in Llanfair, Anglesey region of north-west Wales. All with superb views. 3/4/5 beds. 47-200 million pounds. Tel: 029-25511 (UK) Ref. A.H. or Fax 029-25527

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The second is a new three bedroom house just two metres from the Marina and lovely beach of Llanfranc. Properties in this location very rarely come onto the market. A superb investment opportunity. Price: £435,000.

For further details and photographs of these and other properties available in this area, please contact:

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If you are considering the purchase of a luxury residence in this area, please contact: Roslyn Corne, Realtor c/o Coldwell Banker 101 N. Federal Hwy. Boca Raton, Florida 33432 407 391 9097 Fax 407 391 6520 (USA)

PORTUGAL

FENAIU

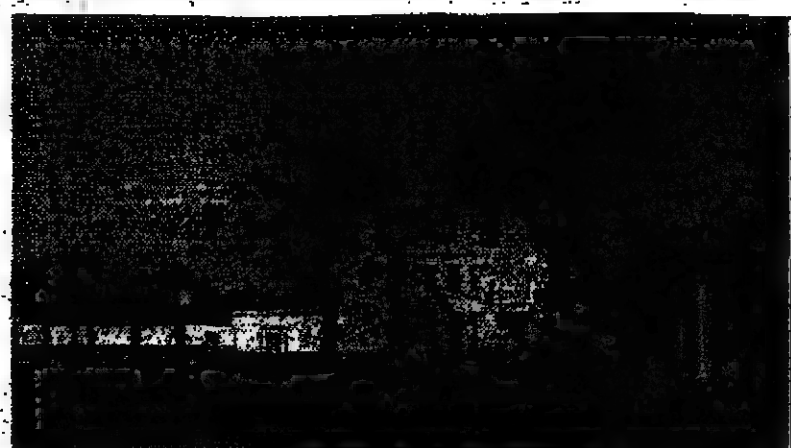
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BERKSHIRE 98 ACRES

Barkham
Wokingham/Waterloo 50 minutes, M4 (Junction 10) 5 miles, Central London 36 miles.
Fine Grade II listed house with superb entertaining rooms in a secluded setting.
Main house: 5 reception rooms, breakfast room, domestic offices, 5 bedrooms, dressing room, 4 bathrooms, playroom.
Substantial stable house, 2 staff cottages.
Entertaining complex with 53' entertaining room and large indoor swimming pool room, hard tennis court, stable block, garden.
All contents included within the sale.
Savills, London. Tel: 071-730 0822. Contact: Henry Pitman.



LINCOLNSHIRE 93 ACRES

Horncastle
Horncastle 6 miles, Louth 12 miles, Lincoln 20 miles.
A handsome Grade I listed Georgian mansion house.
5 reception rooms, 10 bedrooms, 3 bathrooms.
Stables, staff flat, 3 cottages.
Tennis court. Parkland, formal gardens, woodland.
In the region of £900,000.
Joint Agents:
Robert Bell & Co. Tel: (0507) 522221.
Savills, Stamford. Tel: (0780) 66222.
Contact: Stuart Paton.



HEREFORDSHIRE About 50 ACRES

Ross-on-Wye
Gloucester 16 miles, Monmouth 10 miles, Hereford 14 miles.
Outstanding country house with delightful gardens and grounds in the Wye Valley.
4 reception rooms, loggia, 5 bedroom suites, 2 secondary bedrooms, 6 bedrooms.
Staff flat, garaging for 8 cars, outbuildings.
Tennis court, swimming pool. Delightful gardens, arable and pasture land.
Price on application.
Savills, Hereford. Tel: (0432) 354343. Contact: Christopher Lyons.



STIRLINGSHIRE 2,024 ACRES

Queen's View, Blairfield
Glasgow 13 miles, Stirling 27 miles.
Fine Georgian house and sporting estate only 20 minutes from Glasgow city centre.
Georgian house (2 reception rooms, 4 bedrooms), 2 cottages, mill with planning consent. Range of modern and traditional farm buildings.
304 acres stable/improved grazing, 185 acres rough grazing, 1,182 acres hill, 346 acres woodland.
Driven pleasure shoot, well-stocked game shooting and trout fishing.
For sale as a whole or in 2 lots with vacant possession.
Offers over £355,000.
Savills, Edinburgh. Tel: 031-226 6981. Contact: J MacNeil.



KINROSS-SHIRE About 1,042 ACRES

Overlooking Loch Leven
Perth 21 miles, Edinburgh 30 miles.
A sporting and farming estate with attractive mansion and a renowned wildfowl and pheasant shoot within half an hour's drive of Edinburgh Airport with access to the Forth.
Aston Tower with 4 reception rooms, 7 bedrooms and 3 bathrooms. Full central heating. Attractive woodland garden with 15th century tower. 2 farmhouses, much lease and 1 cottage.
Productive to-hand farm with 304 acres arable, 379 acres pastureland and 156 acres woodland. Excellent pheasant shoot with 6 flights ponds. Trout fishing on 25 new lochs.
Savills, Edinburgh. Tel: 031-226 6981.



WILTSHIRE - The Chalke Valley 980 ACRES

Salisbury 10 miles, London 94 miles, Shaftesbury 7 miles.
An outstanding rural estate, sporting and agricultural estate with a fine Grade II listed 17th century manor house and excellent high pheasant shoot.
Manor house: 3 reception rooms, 4 bedrooms, 1 bathroom, staff cottage.
Walled gardens on the edge of the village of Ebbescombe Vale.
Estate dwellings: 4 bedroom farmhouse, 3 bedroom period cottage, 2 barnhouses.
The Estate: Mixed chalk downland estate with commercial dairy and arable enterprises. Ample woodland and woodland. Notable sporting shoot. 780,000 liter milk quota.
For sale by private treaty as a whole or in 3 lots.
Joint Agents: Woolley & Wallis, Salisbury. Tel: (0722) 2171.
Savills, Salisbury. Tel: (0722) 20422. Contact: Rupert Moorman.



BUCKINGHAMSHIRE About 35 ACRES

Boarstall
Luton 11 miles, Bedford 7 miles.
Magnificent Grade II listed Tudor country house.
Hall, 4 reception rooms, kitchen/breakfast room, 5 bedrooms, 4 bathrooms, music room.
Farm buildings, horse boxes, garaging.
Swimming pool.
Gardens, paddocks, trout lake.
Region of £1,000,000.
Savills, Boreham. Tel: (0295) 263535. Contact: Michael Clark.



WILTSHIRE - Rushall

Perth 4 miles (Hullington 54 miles), London 15 miles.
Fine Georgian house and sporting estate only 20 minutes from London city centre.
3 reception rooms, 4 bedrooms, 2 bathrooms, 4 music rooms with piano.
Oil central heating.
Garaging and former stables.
Attractive gardens, 2 paddocks.
About 5 Acres.
Offers in the region of £450,000.
Savills, Salisbury. Tel: (0722) 20422.
Contact: Christopher Lacey.



WILTSHIRE - Near Ramsbury

Hungerford 5 miles, London 75 miles, M4 (Junction 14) 8 miles, Central London 72 miles.
A fine country house in a totally peaceful and secluded setting with views overlooking downland.
Barnack hall, 4 reception rooms, conservatory, 4 self-contained bedroom wings comprising 5 bedrooms, 4 bathrooms and a bar room.
Substantial secondary house.
Garaging and outbuildings. Landscaped garden and grounds.
About 6 Acres.
Savills, London. Tel: 071-730 0822. Contact: Sarah Adams.



LONDON - 3-5 Lansdowne Road

Holland Park W11
14 carefully crafted new apartments set within secure, landscaped gardens in this quiet and highly regarded area.
Large, elegant reception room, 2/3 bedrooms, 2/3 bathrooms, fully equipped kitchen.
Many apartments benefit from private gardens or terraces.
Sophisticated security systems plus parking.
Private parking spaces available @ £15,000.
999 years plus share of freehold.
Prices from £350,000 - £575,000.
Joint Agents: Marsh & Parsons, London. Tel: 071-403 9275.
Savills, Kensington. Tel: 071-221 1751.



MIDDLESEX - Sunbury-on-Thames

140 1/4 miles, Heathrow airport 8 miles, Central London 15 miles.
Exceptional Georgian house with superb gardens and substantial terrace to the River Thames.
4 reception rooms, breakfast room, playroom.
6 bedrooms, 3 bathrooms.
Excellent 3 bedroom cottage, 2 bedroom flat over garaging for 5.
Luxurious indoor swimming pool complex, hard tennis court, magnificent conservatory.
3000+ acres deer forewaste with boat house and private mooring.
Beautiful gardens.
About 110 Acres.
Region of £1.8 million.
Savills, London. Tel: 071-730 0822. Contact: Paul Pirbright.



NORTHAMPTONSHIRE - Hartwell

Northampton 6 miles, Milton Keynes 6 miles.
Historic 17th century Grade II listed country house outstanding gardens and grounds.
5 reception rooms, kitchen/breakfast room, 5 bedrooms, 2 bathrooms, 2 attic bedrooms.
Outbuildings.
Paddock, garden.
3/4 Acres.
Region of £480,000.
Savills, Boreham. Tel: (0295) 263535. Contact: Michael Clark.



BERKSHIRE - Maidenhead

Marlow 10 miles, M4 (Junction 8) 4 miles, Central London 27 miles.
Substantial 19th century property in need of renovation, situated on 121 and small acreage used as a garden.
Reception hall, 3 main reception rooms, 2 secondary reception rooms, domestic offices, cellar.
Garaged landing, 10 bedrooms, dressing room, 3 bathrooms, 2 attic bedrooms. Changes with lodge flat above (let), garden, 130' deep Thames frontage.
Offers in the region of £800,000.
Joint Agents: Pils Smith & Kemp, Maidenhead. Tel: (0628) 21172.
Savills, Henley on Thames. Tel: (0491) 579990.
Contact: Nicholas Brown.



BUCKINGHAMSHIRE - Marlow

Marlow 10 miles, M40 4 miles, Central London 33 miles.
Superb, Thameside house in a peaceful setting with excellent sporting facilities.
3 reception rooms, gym, sauna, 5 bedrooms, study/dressing room, 3 bathrooms.
2 bedroom staff annex, garage, stables, outbuildings, wet bedrooms.
About 490' south frontage.
Paddock.
About 11 Acres.
Price £775,000.
Lot 2: Paddockland of about 30 acres with road access. Price £125,000.
Savills, Henley on Thames. Tel: (0491) 579990.
Contact: Richard Trotman Esq.



SUFFOLK - Halesworth

Halesworth 3 miles, Ipswich 28 miles, Liverpool Street station 65 minutes.
Superbly maintained country house with wonderful rural views, extensive outbuildings and fine gardens.
6 reception rooms, 7 principle bedrooms, 4 bathrooms, 3 attic bedrooms.
Coach house, garaging, stables, outbuildings.
Separate walled garden containing swimming pool/jacuzzi and glass conservatory.
Large lake. Paddock.
23 Acres.
Region of £800,000.
Savills, Ipswich. Tel: (0473) 226891. Contact: Michael Green.



NORTHANTS/LEICESTERSHIRE Borders

Stoke Albany
Market Harborough 3 miles, Kettering 11 miles, (London St Pancras 30 minutes).
A magnificent Grade II listed manor house in immaculate condition with extensive sporting facilities.
3 reception rooms, kitchen/breakfast room, 5 bedrooms, 2 bathrooms, shower room.
Self-contained ground floor, stable yard with 11 horse boxes, hard barn with office and shower for 2 bedrooms flat. All weather riding arena, garaging.
Gardens, grounds and paddocks. Further land available.
In all approximately 14 Acres.
Offers invited.
Savills, Stamford. Tel: (0780) 66222. Contact: Mark Anderson.



SURREY - Woking

Catford 5 miles, A3 6 miles, M25 12 miles, Waterloo station 36 minutes.
Charming Georgian Grade II listed residence, set in delightful gardens and grounds with front access.
Lot 1: 3 reception rooms, 5 bedrooms, 2 bathrooms, 3 more rooms. Coach house.
Garaging. Lawn lawn. Further outbuildings. Formal walled garden.
Landscape gardens with tennis lawn.
Paddock: 5 acres.
Lot 2: 200' deep driveway with 3 bedrooms.
About 9/4 Acres.
Lot 1: Region of £70,000. Lot 2: Region of £150,000.
Savills, Catford. Tel: (0483) 576551. Contact: John Brown.



BRISTOL - Clifton

Extant city centre 1 mile, M5 junction 3/4 miles.
A superb development of 2 and 3 bedroom apartments situated in the highest of standards.
All finished with fully fitted kitchens and bathrooms, en-suite, full gas central heating and hot water.
Communal gardens, garaging and parking spaces.
From £175,000 - £285,000.
Savills, Bath. Tel: (0223) 446622. Contact: Charles Buckle.



EAST DEVON - Near Hoxton

145 1/2 miles, Exeter 17 miles, Coast 7 miles.
Distinctive Regency house. Listed Grade II, in delightful grounds close to peaceful village.
4 reception rooms, kitchen/breakfast room, domestic office, 5 bedrooms, 3 bathrooms, staff annex, coach house with potential flat.
Garaging. Outbuildings.
Mature gardens. Vineyard.
3.6 Acres.
Offers in the region of £450,000 freehold.
Savills, Exeter. Tel: (0392) 411771. Contact: John Bates-Terry.

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North Cotswolds, 9.7 acres

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Exceptional post Queen Anne Listed House, with fine views.
4 reception rooms, kitchen/dining room, breakfast room,
conceratory, 9 bedrooms, 3 bathrooms (1 en suite), indoor
swimming pool; 3 car garage with flat over; 3 fireplaces, garage,
stabling, garden, paddocks.



Northamptonshire

Grade II* Gothic Revival mansion, beautifully converted to apartments, and courtyard of 18th century style cottages, all in period setting. 6 apartments and 6 cottages remaining. Prices: \$215,000 - \$295,000.
Apply: Northampton. Telephone: (603) 439991.
Yves Auer, Fisher Homes, Inc. Telephone: (603) 432286.



Upper Cheyne Row, Chelsea SW3

Important new built-to-stock family home with a garden, in one of London's most prestigious addresses.
3 bedrooms, 3 bathrooms, 5 fireplaces, kitchen/breakfast room, dining room, lounge, study, utility room, central air conditioning, parking, garden.
Price: £1.55 million. Freehold.
Agent: Marsh. Telephone: 071-921 5482.



The Little Boltons, London SW7

Two immaculately presented flats in popular portland period building with a SE and beautifully landscaped communal gardens. Ground floor flat: 3/4 bedrooms, 2 bathrooms, cloakroom. First floor flat: 3 bedrooms, 2 bathrooms, cloakroom. Both with 48 year lease. Price: GF Flat: £375,000. FF Flat: £275,000. Lettable. Agency: Chisholm. Telephone: 071-581 5482.



West Dorset, 3 acres Near Sherborne

Listed former factory, in a secluded and well-kept rural setting. 4 reception rooms, 6 bedrooms, 3 bathrooms (1 en suite), office, Sun flat. Stable block with content for 3 bedroom cottage (at present with photographic studio), stables and garage, hard tennis court.
Guide price: £300,000.
Apply: Town. Telephone: (0955) 740661.

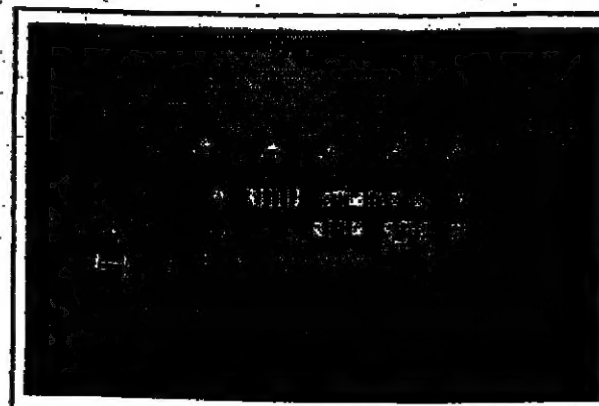


North Wales: 84 acres

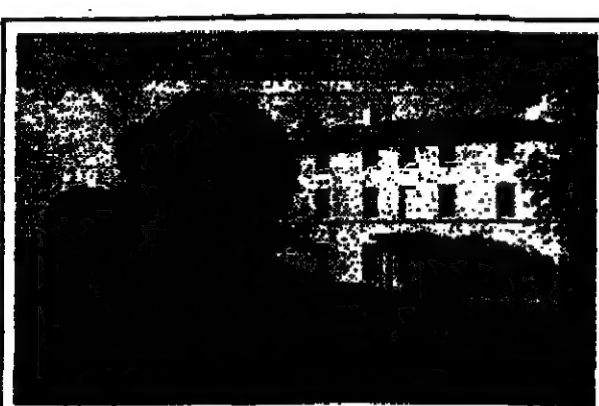
Spelling and agricultural estate with Georgian house c. 1775.
3 reception rooms, 6 bedrooms, walled garden, hedge, 7 cottages.
3 ranges of stone outbuildings suitable for conversion or stand alone.
For sale as a whole or in part. (Ref. 2336).

Apply: Chester. Telephone: (0246) 328361.
Joint Agents: Morgan Evans & Co Ltd. Telephone: (0246) 773303.

HAMPTONS



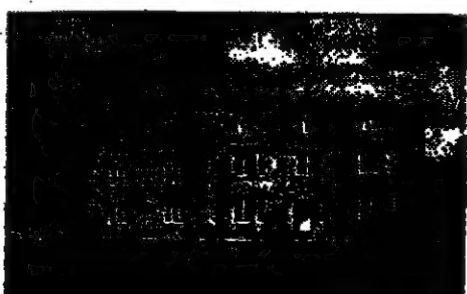
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Hungerford 1 mile, Newbury 8 miles.
M4 3 miles.
An immaculate 17th Century mill house on the River Kennet with extensive fishing.
3/4 reception rooms, 7 bedrooms, 5 bathrooms, 2 shower rooms.
Garaging. (Consent for flat).
Secluded garden. Orchard. Water meadow. Both single and double bank fishing and lake.
About 15 acres.
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HERTFORDSHIRE - BARNETT
Barnett 1/2 mile (Marylebone 25 minutes), M25 2 miles (J16), London 22 miles.
An elegant Listed Georgian Manor with spectacular views.
Hall, 4 principal reception rooms, 3 bedrooms, 2 bathrooms, 6 bedrooms and bathroom.
Guest wing: 2 reception rooms, 3/4 bedrooms, bathroom, Stabling.
Garaging. Outbuildings. Gardens.
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Lodge. Trout fishing on river Chom.
About 52 acres.
Hampton, Barnet.
Tel: (0494) 677344
Head Office. Tel: 071-495 8222



BERKSHIRE - WINDFORD ROW
Windsor Great Park 3/4 miles, M25 10 miles.
A small estate, forming an ideal equine centre.
Hall, 3 elegant reception rooms, 3 bedrooms, 4 bedrooms, Annexe, 2 Cottages, 3 Flats. Equestrian complex with extensive stabling. Cattery. About 32 acres.
Hampton, Maidenhead. Tel: (0628) 22111
Head Office. Tel: 071-495 8222



LEICESTERSHIRE - GRESHAM
At 1 1/2 miles, Oakham 6 miles, Stamford 12 miles.
A fine Victorian stone house in a delightful setting.
4 reception rooms, kitchen/breakfast room, 9 bedrooms, 6 shower rooms (3 en-suite), bathroom (en-suite).
Garaging. Indoor swimming pool. Hard tennis court.
Garden with stream. About 2 1/2 acres.
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(King's Cross 47 minutes).
A spacious period house in highly sought after village.
3 reception rooms, kitchen/breakfast room, 5 bedrooms, 2 bathrooms (1 en-suite), shower room.
Garaging. Large patio.
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Central London 11 miles.
A contemporary with level ledge.
7000 ft. of accommodation including large indoor pool, squash court, billiard room, landscaped gardens.
About 7 1/2 acres.
Just Agents. Street & Park. Tel: (0727) 46285.
Hampton, Barnet. Tel: 081-441 6776



SURREY - COLDHARBOUR
Dorking 4 miles (Victoria 45 minutes), Gatwick 13 miles.
A superb house with superb views to South Downs.
2/3 reception rooms, kitchen/breakfast room, master bedroom suite, further 3/4 bedrooms, 3 bedrooms.
Garaging. Magnificent grounds. Paddock. About 9 acres.
Hampton, Guildford. Tel: (0493) 572854
Head Office. Tel: 071-495 8222



SURREY - GOMSHALL
Guildford 5 miles (Watlington 35 minutes), M25 6 miles.
A superb Victorian Listed cottage house.
3 reception rooms, 6 bedrooms, 2 secondary rooms, 2 bedrooms (1 suite).
Garaging. Part walled garden. Orchard.
About 1 acre. Bungalows. (0493) 572854
Hampton, Guildford. Tel: (0493) 572854



ROTHAMPTON GATE, SW15
A substantial house, extensively refurbished to the most exacting standards.
3/4 reception rooms, kitchen/breakfast room, 6 bedrooms, 4 bathrooms. Indoor swimming pool.
Hampton, Putney. Tel: 081-788 0834



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City 1 1/2 miles. West End 2 miles.
A substantial and elegant Grade II Victorian house.
3 reception rooms, library/study, kitchen/family room, 5/6 bedrooms, 2 bathrooms, shower room. Large roof terrace with panoramic views. Garden. Garaging.
Hampton, Islington. Tel: 071-226 4686



WILTSHIRE - CILCUM
St. Andrews 5 miles, Salisbury 53 miles.
An exceptional renovated Georgian manor.
2 Halls, 3 reception rooms, 2 bedrooms, further 8 bedrooms and 4 bathrooms, billiard room, games room. Flat. Cottage. Gardens. Paddock. Woodland. About 35 acres. Available as a whole or in 3 lots.
Hampton, Salisbury. Tel: 01265 68055



SURREY - NEAR BURY ST EDMUNDS
A45 3 miles.
Established country residence in totally secluded position with glorious views.
Separate guest suite and fine entertaining pavilion.
Barn. Garaging. Part walled garden. Orchard.
About 4 acres.
Hampton, Bury St. Edmunds. Tel: (0284) 787338



WILTSHIRE - MARLBOROUGH
M4 7 1/2 miles. Swindon 12 miles. (Reading 55 minutes).
Grade II house in peaceful location on edge of town.
Hall, 4 reception rooms, kitchen/breakfast room, 6 bedrooms, 2 bathrooms, shower room. Outbuildings.
Mature garden. About 1 acre.
Hampton, Marlborough. Tel: (0674) 336256
Head Office. Tel: 071-495 8222



WORCESTERSHIRE - NEAR SVREBAM
Worcester 10 miles. Birmingham 26 miles.
An historic Grade II* manor house.
Hall, 6 reception rooms, 6 bedrooms, 5 bathrooms, 1/2 dressing rooms. Flat. Coach house with carriage. Fully formal garden. Paddock. About 9 acres.
Hampton, Worcester. Tel: (0905) 723313
Head Office. Tel: 071-495 8222

Head Office: 6 Arlington Street, St James's, London SW1A 1RB. Tel: 071-495 8222 Telex: 25341 Fax: 071-491 3541.

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Kingswood Court, Kingswood, Surrey
With refinements like inglenook fireplace, en-suite bedrooms, studies and lavishly appointed kitchens, these new four and five bedroom detached homes offer unrivalled levels of luxury in a remarkably convenient location, minutes from the M25.
Prices from £350,000-£425,000
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Tel: (0757) 833348. Open 7 days a week, 10.30am to 4.30pm.
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Prowling HOMES

Humberts

The Newburgh Fishings River Ythan, Aberdeenshire
Elton 4 miles, Aberdeen 14 miles, Inverness 100 miles, Edinburgh 135 miles.

An opportunity to purchase a 20 year lease for a specific week for up to 4 rods on what has been described as "The finest Sea Trout stretch in Europe".

Three miles of stunning double bank estuary fishing to operate by rotation over three boats. Some prime weeks still available.
Three year average: 2,000 Sea Trout (Average 20lb)
57 Salmon and Grilse (Average 10 1/2 lb)
Details: Humberts Sporting, London Office, Tel: 071-629 6700

The Avochie Fishings River Deveron, Aberdeenshire
Hardy 5 miles, Aberdeen 42 miles, Inverness 88 miles.

Exceptional and beautiful salmon and sea trout fishing for sale on a three-acre basis.
Four exclusive rods available for purchase into perpetuity, together with a ten year lease of the magnificent fully modernised baronial lodge.
2 1/2 miles, mostly double bank.
Catches: Actual (almost unbroken): 30 Salmon 18 Sea Trout
Immediate Potential: 150 Salmon 200 Sea Trout
Details: Humberts Sporting, London Office, Tel: 071-629 6700

Hertfordshire Harriet Hemstead 4 1/2 miles, St Albans 8 miles.

A charming and secluded Grade II Listed house with 18th Century origins in an area of outstanding natural beauty.
Hall, 4 reception rooms, 6 bedrooms, 2 bathrooms, shower room, kitchen/breakfast room, main room, cloakroom, utility room. Garaging. Stabling and outbuildings. Hard tennis court. Delightful garden. Paddock. Ponds.
About 3 1/2 acres. Offers invited for the Freehold.
Details: Hatfield Office, Tel: (0707) 275351 and London Office

East Sussex - Ditchling 142 acres
Haywards Heath 5 miles, Lewes 8 miles, Brighton 12 miles, London 48 miles.

A very fine country house and delightful estate in a superb position with outstanding views over the surrounding countryside to the South Downs.
3 reception rooms, master bedroom with ensuite bathroom, 7 further bedrooms, 2 bathrooms, study, billiard room, kitchen/breakfast room, cellar, domestic office, staff flat. Oil fired central heating. Stable block with staff flat, extensive garaging and range of outbuildings. Attractive lodge. Heated swimming pool, clubhouse and ornamental ponds. Grounds including paddocks and woodland.
Planning consent for an hotel.
Details: Lewes Office, Tel: (0273) 478628 1001326/UCF4

Humberts Chartered Surveyors
24 St. Stephen's Green, Dublin 2, D001 5H32
Aberdeen: 01224 551 500

London Office:
11 St. James's Street, London W1K 0PE
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38' Marble Entrance Hall • Double Reception Room
Study • Kitchen/Breakfast Room • Utility Room
Master Bedroom with Dressing Area and En Suite Bathroom
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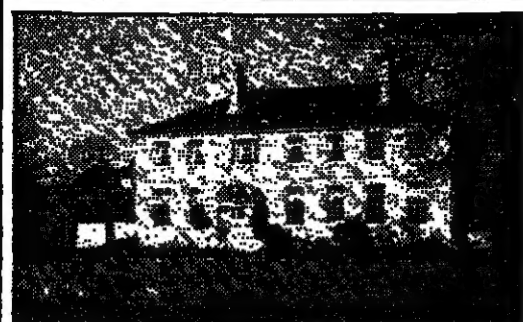
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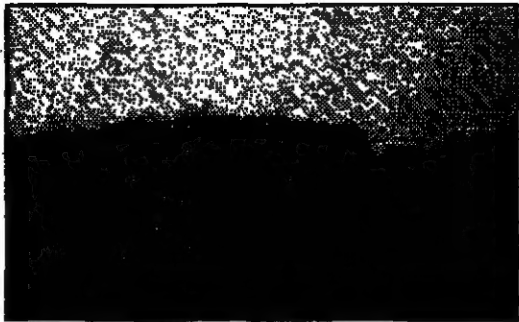
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BERKSHIRE - Newbury 7 miles. Oxford 16 miles. Didcot 8 miles. M4 (J13) 3 miles. A superbly decorated Grade II Georgian rectory with distant rural views. Reception hall, 3 reception rooms, large kitchen/breakfast room, extensive cellars, master suite and 3 guest suites, 5 further bedrooms, 2 bathrooms. Self-contained flat. Substantial garage block. About 2 acres. Newbury Office: Tel. (0635) 521707.



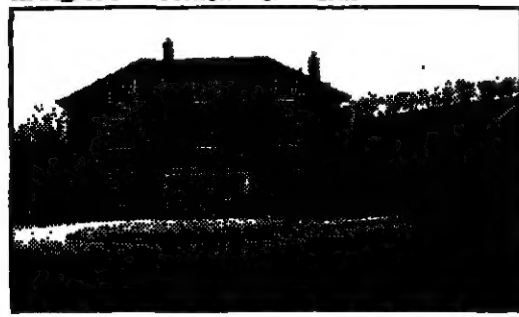
LAKE DISTRICT - Sedgwick. Kendal 3 miles. A luxurious converted Victorian mansion providing a variety of beautifully equipped and presented apartments amidst breathtaking lake and scenery. Superb sports facilities including indoor swimming pool, tennis court, multi-gym, sauna and sunbeds. About 18 acres of gardens and parkland. Fully interior designed apartments from £180,000. Joint Agents: Hackney & Leigh, Cumbria: Tel. (0539) 740272. Strutt & Parker Harrogate Office: Tel. (0423) 561274.



HAMPSHIRE/WILTSHIRE BORDERS - Romsey 4.5 miles. Salisbury (London/Waterloo 90 minutes) 11 miles. An extensively modernised and extended 17th Century farmhouse in a superb rural position. 4 reception rooms, kitchen, 6 bedrooms, 3 bathrooms. Double garage. Large barn. Tackroom. Hay store. Gardens and paddocks. About 10.5 acres. Region £375,000. Salisbury Office: Tel. (0722) 28741.



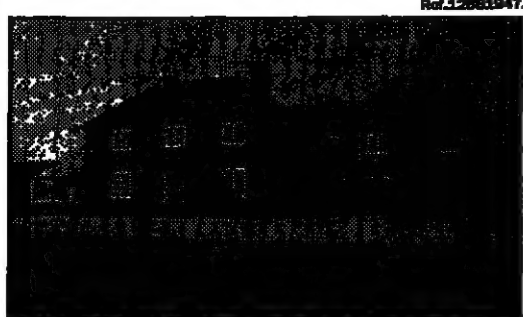
STAFFORDSHIRE - Gnosall. Stafford 7 miles. Wolverhampton 20 miles. (M6) 8 miles. Telford 12 miles. A handsome early Edwardian village house within extensive gardens. 4 reception rooms, kitchen, 6 bedrooms, 2 bathrooms. Outbuildings. Gardens and grounds. About 1.3 acres. Region £300,000. Chester Office: Tel. (0244) 320747.



DEVON - River Dart. Dartmouth 6 miles. Totnes 7 miles. An elegant and well proportioned 18th Century former rectory situated in an enviable position with superb views. 4 reception rooms, 6 bedrooms, 5 bathrooms. Oil central heating. Garaging. Outbuildings. 3 bedroom cottage. Heated swimming pool. Landscaped gardens and grounds. Pond. Paddock. Woodland. Boat house. Running mooring. River frontage. About 5.75 acres. Exeter Office: Tel. (0392) 215631.



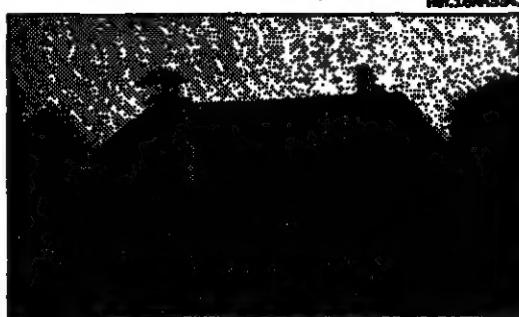
HEREFORDSHIRE - Ross on Wye (M50) 5 miles. Monmouth 7 miles. A well appointed early 19th Century house in a superb setting with magnificent views over the Wye Valley and surrounding countryside. Reception hall, 3 reception rooms, kitchen, games room, conservatory, 6 bedrooms, 2 bathrooms. Self-contained flat; living room, kitchen, 2 bedrooms, bathroom. Oil central heating. Double garage. Greenhouse. Outbuildings. Garden, orchard and woodland. About 3.5 acres. Moreton-in-Marsh Office: Tel. (0808) 50502.



SOUTH WILTSHIRE - Woodford Valley. Salisbury 2 miles. Amesbury (A303) 7 miles. A delightfully situated and well modernised Grade II, mainly 18th Century farmhouse. Hall, 3 reception rooms, living room/playroom, conservatory, 7 bedrooms, 3 bathrooms. Oil central heating. Garaging and outbuildings. Attractive garden. About 1.75 acres. Region £430,000. Salisbury Office: Tel. (0722) 28741.



NORTH YORKSHIRE - Little Barugh. Malton 6 miles. Pickering 5 miles. York 22 miles. A magnificent country house with extensive views towards the Hambleton Hills. 4 reception rooms, kitchen/breakfast room, domestic offices. Principal bedroom suite comprising bedroom, bathroom, dressing room, 6 further bedrooms, 3 further bathrooms. Self-contained flat. Double garage. Gardens and grounds extending in all to about 5 acres. Substantial offers are invited for the freehold of the whole.



SUSSEX - Mountfield. Battle 2 miles. Robertsbridge 2 miles (Charing Cross 78 minutes). A charming 17th Century Grade II house in a superb setting, occupying a delightful secluded position. Entrance hall, dining room, drawing room, sitting room/study. Cellar. Flower room. Kitchen/breakfast room. Utility room. 6 bedrooms, 2 bathrooms. Attic rooms. Solid fuel central heating. Coach house with garaging. Garden. Orchard. About 1.3 acres. Region £300,000. Lewes Office: Tel. (0273) 475411.



KENT - Sandwich. Canterbury 12 miles. The King's Lodging. Possibly the most important house in Sandwich of great historic and architectural interest set within a walled garden with frontage to the River Stour. Paralled hall, 3 reception rooms, kitchen, study, 5 bedrooms, 3 bathrooms (1 en suite). Magnificent 46ft. gallery. Gas central heating. Walled gardens, double garage, swimming pool. About 0.33 acres. Offers invited for the freehold. Canterbury Office: Tel. (0227) 451123.

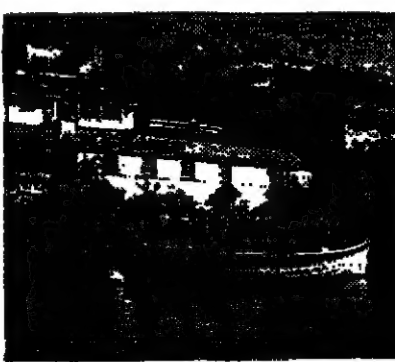


CUMBRIA - Edenall. Near Penrith. Penrith 4 miles. (M6) 5 miles. Carlisle 14 miles. A handsome early 18th Century Listed house in a lovely village situation. 3 reception rooms, breakfast kitchen, 5 principal bedrooms, 3 secondary bedrooms. Snooker room. 2 bathrooms, sauna and shower room. Self-contained 2 bedrooms flat. Double garage and outbuildings. South facing walled gardens. About 1.5 acres. Region £320,000. Harrogate Office: Tel. (0423) 561274.



SOUTH WILTSHIRE - Woodford Valley. Salisbury 3 miles. Amesbury (A303) 6 miles. A most attractive Grade II period country house with delightful garden and frontage to the River Ave. Reception hall, 4 reception rooms, 7 bedrooms, dressing room, 3 bathrooms. Oil central heating. Office. Garaging and loose boxes. Outstanding garden intersected by carrier stream and with river frontage. Fishing rights. Paddock. Former stable block with planning permission for conversion. Cottage with stream frontage. About 4 acres. For sale on a whole or in 2 Lots. Salisbury Office: Tel. (0722) 28741.

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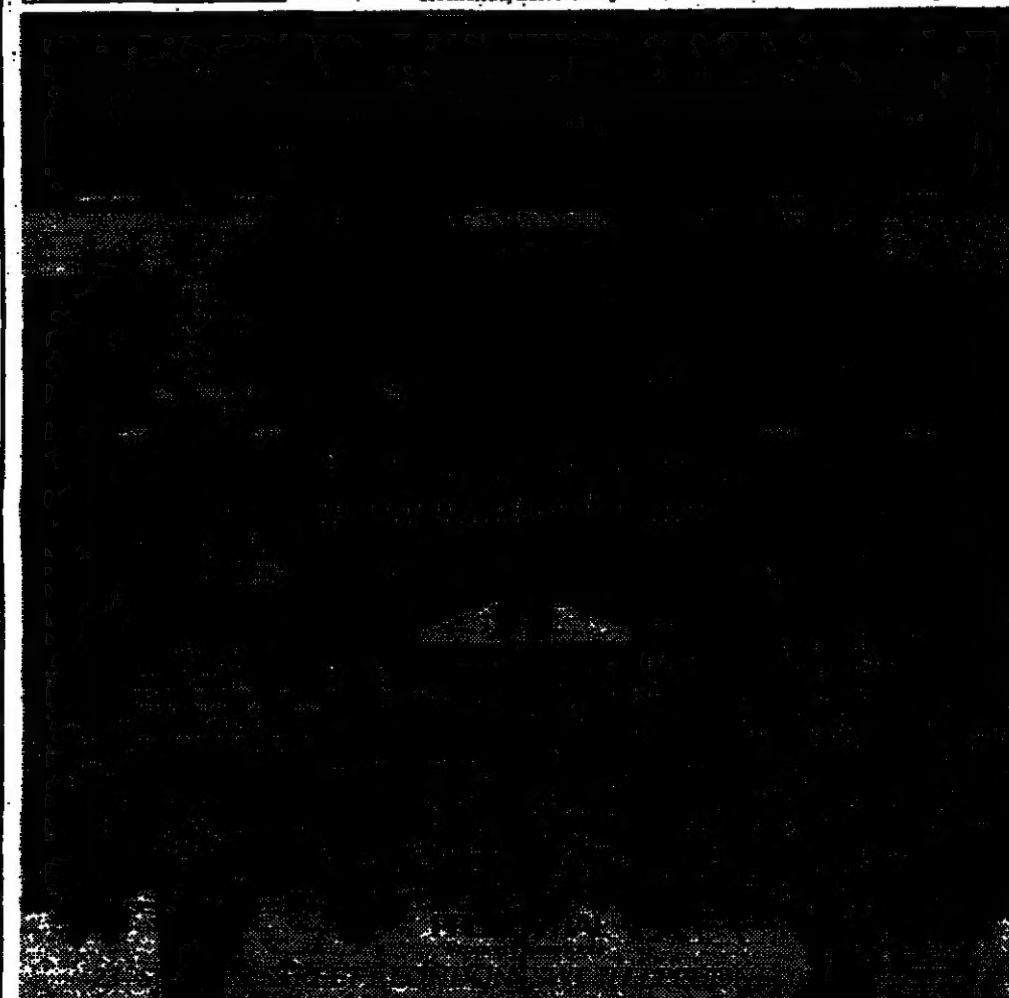
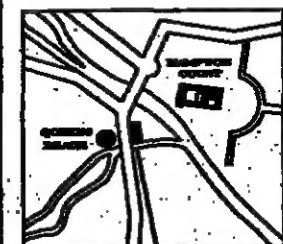
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